

**Agreement Concerning Procedures for the Implementation of United States  
Economic Assistance Provided in the 2023 Amended Compact  
Between the Government of the United States of America  
and the Government of the Federated States of Micronesia**

The Government of the United States of America and the Government of the Federated States of Micronesia (the “Signatory Governments”);

Noting the *Agreement Concerning Procedures for the Implementation of United States Economic Assistance Provided in the Compact of Free Association, as amended, Between the Government of the United States of America and the Government of the Federated States of Micronesia*, done at Palikir on February 27, 2004, which governs certain economic assistance provided to the Government of the Federated States of Micronesia by the Government of the United States of America pursuant to the *Compact of Free Association, as Amended, Between the Government of the United States of America and the Government of the Federated States of Micronesia*, done at Palikir on May 14, 2003 (the “2003 Amended Compact”);

Wishing to establish procedures for the implementation of economic assistance provided to the Government of the Federated States of Micronesia by the Government of the United States of America pursuant to the 2003 Amended Compact, as amended by the *Agreement between the Government of the United States of America and the Government of the Federated States of Micronesia to Amend the Compact of Free Association, as Amended*, done at Palikir on May 23, 2023 (the “2023 Amended Compact”);

Considering that in Section 211(a) of the 2023 Amended Compact, the Sector Grants provided to the Government of the Federated States of Micronesia are intended “to assist the Government of the Federated States of Micronesia in its efforts to promote the economic advancement, budgetary self-reliance, and economic self-sufficiency of its people, and in recognition of the special relationship that exists” between the two nations, and recognizing that the Government of the Federated States of Micronesia is well-positioned to develop requests for assistance that will advance these goals and maximize the effectiveness of the Sector Grants;

Have agreed as follows:

## **Article I**

### **Definition of Terms**

For purposes of this Agreement, the following terms shall have the following meanings when capitalized:

“2003 Amended Compact” means the *Compact of Free Association, as Amended Between the Government of the United States of America and the Government of the Federated States of Micronesia*, done at Palikir on May 14, 2003, which entered into force on June 25, 2004.

“2003 Trust Fund Agreement” means the *Agreement Between the Government of the United States of America and the Government of the Federated States of Micronesia Implementing Section 215 and Section 216 of the Compact, as Amended Regarding a Trust Fund*, done at Palikir on May 14, 2003.

“2004 Fiscal Procedures Agreement” means the *Agreement Concerning Procedures for the Implementation of United States Economic Assistance Provided in the Compact of Free Association, as amended, Between the Government of the United States of America and the Government of the Federated States of Micronesia*, done at Palikir on February 27, 2004.

“2023 Amended Compact” means the 2003 Amended Compact, as amended by the *Agreement between the Government of the United States of America and the Government of the Federated States of Micronesia to Amend the Compact of Free Association, as Amended*, done at Palikir on May 23, 2023.

“2023 Trust Fund Agreement” means the *Agreement between the Government of the United States of America and the Government of the Federated States of Micronesia Regarding the Compact Trust Fund*, done at Palikir on May 23, 2023.

“Accrued Expenditures” means the charges incurred by the Government of the Federated States of Micronesia during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, Sub-Grantees, subcontractors, and other third party non-contractors; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

“Annual Financial Report” means the report required under Article VI(1)(b)(i) of this Agreement.

“Annual Implementation Plan” means the plan required under Article V(3) of this Agreement.

“Annual Performance Report” means the report required under Article VI(2)(a) of this Agreement.

“Appeal” means the right of a Grantee to request a hearing from the director of the United States Department of the Interior's Office of Hearings and Appeals regarding an adverse agency decision (43 C.F.R. Part 4). An ad hoc appeals board of two or more administrative law judges may be appointed by the director to hear the dispute at the Grantee's written request. Decisions must be in writing and signed by a majority of board members. Grantees (and their representatives) who appear before the board are governed by specific rules of practice (43 C.F.R. Part 1).

“Audit Grant” means a grant to the Government of the Federated States of Micronesia to conduct the annual Audits required under Article VIII of this Agreement.

“Audits” mean financial, program and management audits, including the determination as to whether the Government of the Federated States of Micronesia has met the requirements set forth in the 2023 Amended Compact, or its related agreements, regarding the purposes for which Sector Grants or other assistance are to be used; determinations as to the propriety of the financial transactions of the Government of the Federated States of Micronesia with respect to such Sector Grants or assistance; and the substantiation of appropriate follow-up actions by the Signatory Governments.

“Committee” means the Joint Economic Management Committee established pursuant to Section 213 of the 2003 Amended Compact and Article III of the 2004 Fiscal Procedures Agreement.

“Closeout” means the normal process by which the awarding agency determines that all applicable administrative actions and all required work on the Grant have been completed.

“Contract” means a Contract funded under a Sector Grant or Sub-Grant. It also means a sub-contract under a Contract.

“Core Labor Standards” mean those fundamental rights that are guaranteed to all workers in the Federated States of Micronesia, including but not limited to freedom of association, non- discrimination in employment, the prohibition of forced labor, the prohibition of exploitive child labor, and a safe and healthy working environment.

“Covered Telecommunication Equipment or Services” means video surveillance and telecommunications equipment or telecommunications or video surveillance services produced or provided by an entity that the United States Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by or otherwise connected to, the government of a covered foreign country as defined in the United States Federal Acquisition Regulations 4.2101, or any successors.

“Disaster Assistance Emergency Fund” means the fund established by the Government of the Federated States of Micronesia in accordance with Section 211(d) of the 2003 Amended Compact.

“Equipment” means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

“Fiscal Year” means each one-year period beginning October 1 and ending on the following September 30. Each Fiscal Year shall be designated by the number of the calendar year in which such Fiscal Year ends. For example, “Fiscal Year 2024” means the Fiscal Year ending in calendar year 2024.

“Government of the United States of America” means the federal Government of the United States of America.

“Government of the Federated States of Micronesia” means the Government established and organized by the Constitution of the Federated States of Micronesia including all the political subdivisions and entities comprising that Government.

“Grant” means an award of a Sector Grant, Audit Grant, Infrastructure Maintenance Fund contribution, or Disaster Assistance Emergency Fund contribution, in the form of money, or property in lieu of money, by the Government of the United States of America to the Government of the Federated States of Micronesia under the 2023 Amended Compact. The term does not include technical assistance instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Acceptance of a Grant from the Government of the United States of America creates a legal duty on the part of the Government of the Federated States of Micronesia to use funds in accordance with the requirements of this Agreement and the terms and conditions of the Grant.

“Grantee” means the Government of the Federated States of Micronesia as the recipient of a Grant under the 2023 Amended Compact or this Agreement.

“Infrastructure Development Plan” means the plan required under Article V(2) of this Agreement.

“Infrastructure Maintenance Fund” means the maintenance assistance account established by the Government of the Federated States of Micronesia pursuant to Section 211 of the 2003 Amended Compact and Article VII of the 2004 Fiscal Procedures Agreement.

“Indirect Cost” mean a cost incurred for common institution-wide or joint objectives that cannot be identified readily and specifically within a particular program or activity, such as general administration not associated with a Grant or project funded under the 2023 Amended Compact.

“Matching” means the value of the in-kind contributions or the portion of the costs of a project or program of the Government of the United States of America that is required to be borne by the Government of the Federated States of Micronesia.

“Obligations” means orders placed, Contracts and subcontracts awarded, Sub-Grants awarded, goods and services received, and similar transactions during a given period that will require payment by the Government of the Federated States of Micronesia during the same or future period. Nothing in this Agreement shall be construed to mean that granted funds are unobligated for purposes of United States domestic law.

“Operational Costs” means the customary and usual direct costs associated with the operations of a Grant program that continue from a given period to a subsequent period.

“Operational Grants” means Sector Grants other than the Sector Grants for infrastructure.

“Real Property” means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and Equipment.

“Reprogram” means a transfer of funds within a Sector Grant between object classes.

“Section 264 Report” means the report required under Section 264 of the 2023 Amended Compact.

“Sector Allocation” means the amount allocated by the Committee to be granted for use in a specific sector.

“Sector Grant” means a Grant described in Article II(1) of this Agreement for education, health care, public infrastructure, the environment, public sector capacity building, private sector development, enhanced reporting and accountability, or other sectors as mutually decided by the Signatory Governments.

“Strategic Development Plan” means the development plan required under Section 261(c) of the 2023 Amended Compact.

“Sub-Grant” means a sub-award of a Grant, made by the Government of the Federated States of Micronesia to an eligible recipient, including but not limited to local governments. The Government of the Federated States of Micronesia, as the legal entity to which a Grant is awarded, is accountable for the use of all such funds by its Sub-Grantees.

“Sub-Grantee” means the recipient of a Sub-Grant.

“Supplies” mean all tangible personal property other than Equipment purchased or procured with assistance provided under Section 266 of the 2023 Amended Compact.

“Suspension” means, depending on the context, either (1) temporary withdrawal of the authority to obligate Grant funds pending corrective action by the Government of the Federated States of Micronesia or its Sub-Grantee; or (2) an action taken to immediately exclude a person from participating in Grant transactions for a period, pending completion of an investigation and such legal or debarment proceedings as may ensue.

“Termination” means permanent withdrawal of the authority to obligate previously awarded Grant funds before that authority would otherwise expire. It also means the voluntary relinquishment of that authority by the Government of the Federated States of Micronesia or its Sub-Grantee. It does not include: (1) withdrawal of funds awarded on the basis of an underestimation of the unobligated balance in a prior period; (2) withdrawal of the unobligated balance as of the expiration of a Grant; (3) refusal to extend a Grant or award additional funds; or (4) voiding of a Grant upon determination that the award was obtained fraudulently, or was otherwise illegal or invalid from inception.

“Trust Fund” means the trust fund established pursuant to Article 2 of the 2003 Trust Fund Agreement.

**Article II**  
**Direct Economic Assistance Implementation**

1. Subject to this Agreement, and except as otherwise provided, the Government of the United States of America shall provide annual Sector Grants for a period of 20 years in the amounts set forth in Section 266 of the 2023 Amended Compact.

2. Sector Grants shall be awarded for education, health care, public infrastructure, the environment, public sector capacity building, private sector development, enhanced reporting and accountability, or for other sectors as mutually decided by the Signatory Governments. In considering allocations of Sector Grants among the sectors or other sectors as mutually decided by the Signatory Governments, and otherwise in considering assistance under this Agreement, the Committee shall give deference to the requests of the Government of the Federated States of Micronesia, so long as such requests meet the requirements of the 2023 Amended Compact and this Agreement, and are within one of the seven sectors discussed in this paragraph or other sectors as mutually decided by the Signatory Governments.

(a) Sector Grants for education shall support and improve the educational system of the Federated States of Micronesia, including the systems for early childhood, primary, secondary, and post-secondary education, and develop the human and material resources necessary for the Government of the Federated States of Micronesia to perform these services. Emphasis should be on advancing a quality basic education system by increasing the achievement levels of students in the primary and secondary education systems based on performance standards and assessments appropriate for the Federated States of Micronesia; advancing vocational training; improving management and accountability within the educational system; raising the level of staff quality through education and training, including teacher training, with the ultimate aspiration that highly qualified teachers are in the classroom; and improving the relevance of education to the needs of the economy.

(b) Sector Grants for health care shall support and improve the delivery of preventive, curative, and environmental care and develop the human and material resources necessary for the Government of the Federated States of Micronesia to perform these services. Priority should be given to establishing sustainable funding mechanisms for operating a community-based system with emphasis on prevention, primary care, mental health, substance abuse prevention, and the operation of hospitals to provide secondary care at appropriate levels and reduce reliance on medical referrals abroad.

- (c) Sector Grants for public infrastructure shall support specific projects of the Government of the Federated States of Micronesia and directly related administrative and management support to further its efforts to provide quality public infrastructure assistance. Priority should be given to, but not limited to, primary and secondary education capital projects and projects that directly affect health and safety, including water and wastewater projects, solid waste disposal projects, health care facilities, airport and seaport improvements, roads, sea walls, and energy development including renewable energy that cannot be funded through the rate structure. Unless otherwise decided by the Signatory Governments, not less than a three-year moving average of 25 percent of the annual amounts provided for Grants as set forth in Section 266 of the 2023 Amended Compact shall be made available for Sector Grants for public infrastructure.
- (d) Sector Grants for environment shall support measures or activities to further a particular long-term objective of the Government of the Federated States of Micronesia to protect the Federated States of Micronesia's land and marine environment and to conserve and achieve sustainable use of its natural resources. These efforts include the ongoing development, adoption, and enforcement of policies, laws, and regulations in pursuit of the above stated goals; the reduction and prevention of environmental degradation and all forms of environmental pollution; adaptation to climate change; the protection of biological diversity, including the assurance of adequate legal and international treaty safeguards relating to the protection of botanical and other agro-ecological property belonging to the Federated States of Micronesia; the establishment and management of conservation (sustainable use) areas; environmental infrastructure planning, design construction, and operation; interaction and cooperation with non- governmental organizations; the promotion of increased environmental awareness in governmental and private sectors; and the promotion of increased involvement of citizens and traditional leaders of the Federated States of Micronesia in the process of conserving their country's natural resources.
- (e) Sector Grants for public sector capacity building shall support measures or activities to further a particular long-term objective of the Government of the Federated States of Micronesia to build effective, accountable, and transparent national and local government and other public sector institutions and systems. Priority should be given to improving economic planning, financial management, auditing, law enforcement, immigration controls, the judiciary, and the compilation and analysis of appropriate statistical indicators with the goal of ensuring that essential functions can be carried out and that essential positions are filled with qualified personnel.



- (f) Sector Grants for private sector development shall support measures or activities to further a particular long-term objective of the Government of the Federated States of Micronesia to attract new foreign investment and increase indigenous business activity by vitalizing the commercial environment, ensuring fair and equitable application of the law, promoting adherence to Core Labor Standards, maintaining progress toward the privatization of state-owned and partially state-owned enterprises, and engaging in other reforms. Priorities should be given to advancing the private development of fisheries, tourism, and agriculture; employing new telecommunications technologies; and analyzing and developing new systems, laws, regulations, and policies to foster private sector development, to facilitate investment by potential private investors, and to develop business and entrepreneurial skills.
- (g) Sector Grants for enhanced reporting and accountability shall support the efforts of the Government of the Federated States of Micronesia to address the costs of compliance inherent in implementing the 2023 Amended Compact, specifically those relating to budgeting, financial accountability, and financial and performance reporting requirements. These Sector Grants shall constitute no more than 2 percent of the annual amounts made available for Sector Grants as set forth in Section 266 of the 2023 Amended Compact.
3. As set forth in Section 211(b) of the 2023 Amended Compact, amounts made available for the Humanitarian Assistance – Federated States of Micronesia Program are deducted from amounts made available for Sector Grants.
4. Funds provided under Section 261(a) of the 2023 Amended Compact shall be considered to be local revenues of the Government of the Federated States of Micronesia when used as the local share required to obtain federal programs and services that enhance its ability to meet stated performance goals.
5. The Government of the Federated States of Micronesia shall not issue negotiable or transferable obligations evidencing indebtedness or encumbrance of funds received under Section 261 of the 2023 Amended Compact.
6. The Signatory Governments may mutually decide on unallowed uses of Grants.

**Article III**  
**Joint Economic Management**

1. The Joint Economic Management Committee (the “Committee”) shall be responsible for oversight and accountability with regard to assistance provided under the 2003 Amended Compact and the 2023 Amended Compact, and to promote the effective use of funding provided thereunder.
2. Decisions of the Committee, including with regard to past grant allocations and their special conditions, shall be binding. The Signatory Governments may each propose within four months of entry into force of this Agreement specific Committee decisions made under the 2004 Fiscal Procedures Agreement for review by the Committee, along with an explanation as to why each proposed decision should be reconsidered. The Committee shall complete its review within one year of receiving any such proposal and shall decide by majority vote whether to amend or rescind those decisions that the Committee determines are no longer applicable or necessary.
3. The Committee shall be composed of six members, three of whom shall be from the Government of the United States of America and three from the Government of the Federated States of Micronesia.
4. The chairperson of the Committee shall be from the Government of the United States of America. The Government of the United States of America shall consult with the Government of the Federated States of Micronesia when making the appointment, and the Government of the Federated States of Micronesia shall have an opportunity to present its views which shall be considered.
5. Appointments by the Government of the United States of America and the Government of the Federated States of Micronesia shall be made no later than 90 days after entry into force of this Agreement. The chairperson and members of the Committee shall, at the pleasure of their respective governments, serve a term of two years and may be reappointed.
6. The Signatory Governments intend that the Committee make decisions by consensus. With the exception of the duties described in paragraph 7(k) of this Article, in the event consensus cannot be reached, the chairperson may call a vote. In such instances, decisions may be made by majority vote. In cases where there are an equal number of votes, the vote of the chairperson of the Committee shall be the deciding vote.

7. The duties of the Committee shall be to:
- (a) Review and concur with those portions of the Strategic Development Plan that address use of Sector Grants within 60 days of its submission. The Committee may only reject those portions of the Strategic Development Plan relating to the use of Sector Grants that the Committee determines do not meet the requirements of Section 261(c) of the 2023 Amended Compact or Article V(1) of this Agreement;
  - (b) Review and concur with those portions of the Infrastructure Development Plan that address the use of Sector Grants within 60 days of its submission. The Committee may only reject those portions of the Infrastructure Development Plan relating to the use of Sector Grants that the Committee determines do not meet the requirements of Article V(2) of this Agreement;
  - (c) Review and concur with the Annual Implementation Plan, including proposed Sector Allocations, within 60 days of its submission. The Committee may reject those portions of the Annual Implementation Plan, including proposed Sector Allocations or a portion thereof, that the Committee determines do not meet the requirements of Article V(3) of this Agreement. The Committee may also reject a proposed Sector Allocation, or a portion thereof, if:
    - i. The Government of the Federated States of Micronesia fails to submit the Strategic Development Plan, Infrastructure Development Plan, Annual Implementation Plan, Section 264 Report, Annual Financial Report, or Annual Performance Report by the required deadlines;
    - ii. The proposed Sector Allocation is associated with a portion of the Strategic Development Plan, Infrastructure Development Plan, or Annual Implementation Plan the Committee has rejected; or
    - iii. The Section 264 Report, Annual Financial Report, or Annual Performance Report does not meet the requirements of Section 264 of the 2023 Amended Compact or Articles VI(1)(b)(i) or VI(2)(a) of this Agreement as applicable.
  - (d) Review within 30 days of submission the Section 264 Report, Annual Financial Report, and Annual Performance Report;
  - (e) Monitor the use of development assistance from all sources as it relates to Grants;
  - (f) Review Audits required under Article VIII of this Agreement and actions taken or being taken to reconcile questioned costs, deficiencies, and qualified findings;

- (g) Review performance outcomes and other reported data in relation to the previous year's Sector Allocations;
  - (h) Evaluate progress, management problems, and any shifts in priorities in each sector, and identify ways to increase the effectiveness of United States assistance;
  - (i) Review annual trust fund investment reports;
  - (j) Review progress in achieving the goals and broad strategies outlined in the Strategic Development Plan; and
  - (k) By unanimous decision, stipulate, amend, or rescind special conditions attached to any and all Sector Allocations or past grant allocations to improve program performance and fiscal accountability, and to ensure progress toward macroeconomic goals.
8. Before withholding concurrence on a Strategic Development Plan, Infrastructure Development Plan, or Annual Implementation Plan pursuant to paragraphs 7(a), (b), or (c) of this Article, the Committee shall consult with and provide the Government of the Federated States of Micronesia an adequate opportunity to address the Committee's concerns.
9. The Committee shall meet at least once annually but no later than 15 days before the beginning of each Fiscal Year.
10. Each of the Signatory Governments shall provide the necessary staff support to its representatives on the Committee, to enable the Signatory Governments to monitor closely the use of assistance under the 2023 Amended Compact. No United States Government funding shall be used to support the travel or honoraria of Committee members or staff from the Government of the Federated States of Micronesia, or any special salaries paid for serving as members of the Committee.

#### **Article IV**

##### **Sector Grants Administration**

1. Sector Grant funds may not be used for any purpose other than that for which they are awarded.
2. The Government of the Federated States of Micronesia shall ensure compliance with the terms and conditions of the Sector Grants by Sub-Grantees.

3. The President of the Federated States of Micronesia, or the President's designee, acting on behalf of the national, state, and local governments of the Federated States of Micronesia, shall be responsible for all certifications to the Government of the United States of America pursuant to this Agreement.

4. Sector Grant Terms and Conditions

(a) The Government of the United States of America may attach terms and conditions to Sector Grants to ensure conformance with the requirements of this Agreement. Those terms and conditions shall only be attached to the extent necessary to facilitate the implementation of the plans, strategies, and budgets of the Government of the Federated States of Micronesia, and to ensure compliance with project specifications, architectural and engineering specifications, performance standards, and other criteria developed by the Government of the Federated States of Micronesia.

(b) After consultation with the Government of the Federated States of Micronesia, the Government of the United States of America may impose additional administrative terms and conditions on Sector Grants that were not included under subparagraph (a) above and that are subsequently determined by the Government of the United States of America to be necessary to ensure compliance with this Agreement. The Government of the United States of America shall notify the Government of the Federated States of Micronesia in writing of its intent to impose these terms and conditions. The notification shall include a description of:

- i. The text of the terms and conditions;
- ii. How the terms and conditions are administrative in nature and would not have a substantive impact on the use of the Sector Grant funds; and
- iii. The method by which the Government of the Federated States of Micronesia may request reconsideration of the terms and conditions imposed.

5. Payment Procedures

(a) Establishment of Account. The Government of the Federated States of Micronesia shall establish an account with a bank or commercial financial institution organized in accordance with the laws of the United States of America or a State of the United States of America; or, subject to the approval of the Government of the United States of America, a bank or commercial financial institution organized in accordance with the laws of the Federated States of Micronesia, in either case for

the purpose of receiving payments of Grant funds. The Government of the Federated States of Micronesia shall provide the Government of the United States of America with wiring instructions with respect to such account.

(b) Payments

- i. Periodic Payments. For Operational Grants, payments shall be made as soon as practicable after the first business day of each fiscal quarter to fund financial requirements of that fiscal quarter. In general, the amounts of the payments should match the percentage of the Fiscal Year to be completed during the advance period or may be based on an outlay analysis performed by the Government of the Federated States of Micronesia and concurred with by the Government of the United States of America.
- ii. Advances for Accrued Expenditures. Sector Grants for infrastructure projects shall be paid on the basis of Accrued Expenditures, provided the Government of the Federated States of Micronesia maintains procedures to minimize the time elapsing between the disbursement of funds to the Government of the Federated States of Micronesia and its payment of the Accrued Expenditure. The Government of the United States of America may request the set of construction plans and specifications, a revised detailed cost estimate, and a detailed construction schedule prior to disbursing funds.

(c) Breach of this Agreement and Grant Terms and Conditions

- i. Withholding of Payments. The Government of the United States of America may withhold payments with respect to any Grant if the Government of the Federated States of Micronesia is in breach of Title Two of the 2023 Amended Compact, this Agreement with respect to such Grant, or the terms and conditions of the Grant, or is indebted to the Government of the United States of America with respect to such Grant. The amount of the withholding shall be proportional to the breach. Payments withheld shall be released upon subsequent compliance. If the Government of the Federated States of Micronesia disputes the withholding of payments with respect to a Grant, it may submit an appeal in writing to the Government of the United States of America unless the dispute can be resolved through consultations. That Appeal must be initiated within 30 days of the receipt of notice of withholding of payment. In such case, the Appeal must be handled in accordance with established administrative procedures of the Government of the United States of America. Cash withheld for failure to comply with Grant terms and conditions shall be released upon subsequent compliance, provided that such Grant has not been revoked pursuant to any applicable Appeal or dispute resolution proceeding.

- ii. Suspension. Notwithstanding any other provision of this Agreement, the Government of the United States of America may suspend payment with respect to any or all Sector Grants in the event that the Government of the United States of America reasonably determines that the Government of the Federated States of Micronesia has engaged in gross negligence, willful misconduct or material breach of the Grant terms and conditions or this Agreement with respect to a Sector Grant. Such suspension may be with respect to: a particular project, program, or part of a Sector Grant; a Sector Grant; or all Sector Grants, as appropriate. If the Government of the Federated States of Micronesia disputes the Suspension of a Sector Grant under this subsection, it may seek to resolve the matter through the conference and dispute resolution procedures set forth in Article II of Title Four of the 2023 Amended Compact unless the dispute can be resolved through consultations. The Suspension of payment shall stand unless otherwise determined through the conference and dispute resolution process described in Article II of Title Four of the 2023 Amended Compact.
- iii. Before taking any action to withhold or suspend any payments under this subparagraph, the Government of the United States of America shall provide the Government of the Federated States of Micronesia a reasonable opportunity to address United States concerns and to engage in consultations to avoid withholding or suspension.

## **Article V**

### **Pre-Award Requirements**

1. Strategic Development Plan
  - (a) No later than March 31 of the Fiscal Year after the Fiscal Year in which this Agreement enters into force, and thereafter at appropriate intervals, the Government of the Federated States of Micronesia shall provide to the Government of the United States of America and the Committee the Strategic Development Plan. Those portions of the Strategic Development Plan that contemplate use of Sector Grants require the concurrence of the Committee.
  - (b) The Strategic Development Plan must include, in addition to the requirements of Section 261(c) of the 2023 Amended Compact:
    - i. The goals and broad strategies of the Government of the Federated States of Micronesia to promote economic advancement, macro-economic goals, budgetary self-reliance, and economic self-reliance;

- ii. Specific multi-year objectives for each of the sectors described in Section 261(a)] of the 2023 Amended Compact, or other sectors as mutually decided by the Signatory Governments, and the potential funding sources of each identified objective; and
  - iii. A certification that the Strategic Development Plan has been formally adopted according to the processes of the Government of the Federated States of Micronesia.
- (c) Each multi-year objective must reasonably further one or more of the goals and broad strategies outlined in the Strategic Development Plan and must reasonably further the purposes of the sector to which it relates, as described in Section 261(a) of the 2023 Amended Compact and Article II of this Agreement.

2. Infrastructure Development Plan

- (a) No later than March 31 of the Fiscal Year after the Fiscal Year in which this Agreement enters into force, and thereafter at appropriate intervals, the Government of the Federated States of Micronesia shall provide to the Government of the United States of America and the Committee a national Infrastructure Development Plan. Those portions of the Infrastructure Development Plan that contemplate use of Sector Grants require the concurrence of the Committee.
- (b) The Infrastructure Development Plan must include:
- i. A single, integrated list of state and national projects for new and reconstructed capital infrastructure to be funded with Sector Grants for public infrastructure; and
  - ii. For each project, a preliminary cost estimate, scope of work, and implementation schedule.
- (c) The Infrastructure Development Plan may only include proposed infrastructure projects and directly related administrative and management support. Each proposed infrastructure project must reasonably further one or more of the goals and broad strategies outlined in the Strategic Development Plan.

3. Annual Implementation Plan

- (a) No later than July 15 of each year, the Government of the Federated States of Micronesia shall develop in conjunction with its budget process and provide to the Government of the United States of America and the Committee an Annual



Implementation Plan detailing proposed uses and expenditures of Sector Grants. The Annual Implementation Plan requires the concurrence of the Committee.

(b) The Annual Implementation Plan must include:

- i. Proposed Sector Allocations, reflecting the proposed division of annual Sector Grants among the sectors described in Section 261(a) of the 2023 Amended Compact or other sectors as mutually decided by the Signatory Governments;
- ii. An annual budget that specifies for each sector:
  - a. Actual expenditures in the most recently completed Fiscal Year;
  - b. Appropriated Sector Grant amounts and estimated expenditures in the current Fiscal Year;
  - c. Proposed expenditures for the upcoming Fiscal Year by program, including a detailed breakdown of object classes as defined under the laws of the Federated States of Micronesia;
  - d. Objectives, specific performance indicators, and assessment methods for each sector; and
  - e. Funds provided to the sector in the current and upcoming Fiscal Years by United States federal programs and other United States sources, and by international donors and the Government of the Federated State of Micronesia.
- iii. For any infrastructure project that is to be funded by a Sector Grant, the following documents:
  - a. Evidence of title, leasehold agreement, or other legal authority for use of the land upon which a capital improvement project is to be constructed;
  - b. A detailed preliminary project budget for each capital development project, signed by a certified professional engineer or architect. The budget must include a breakdown of costs (in-house and contracts) for planning, engineering and design, real estate costs, supervision and administration, construction, and construction management inspection. The Signatory Governments shall mutually decide the format of this submission; and

- c. A scope of work that describes the work to be performed and the schedule from planning through completion of construction, signed by a certified professional engineer or architect.
  - (c) The Annual Implementation Plan must be consistent with any special condition attached by the Committee.
  - (d) The Annual Implementation Plan may not propose to use funds for unallowed uses as mutually decided by the Signatory Governments.
  - (e) The Annual Implementation Plan may not propose to use funds in excess of the amounts set forth in Section 266 of the 2023 Amended Compact in a given year.
  - (f) The Annual Implementation Plan may propose to use funds for an activity that has previously failed to demonstrate that it reasonably furthers a multi-year objective as described in the Strategic Development Plan, so long as the Government of the Federated States of Micronesia provides a reasonable explanation as to why the objective can now be achieved.
  - (g) Proposed Sector Allocations must reasonably further one or more of the multi-year objectives of the relevant sector, as well as one or more of the goals and broad strategies, as described in the Strategic Development plan. Proposed Sector Allocations must also reasonably further the purposes of the relevant sector as described in Article II of this Agreement and Section 261(a) of the 2023 Amended Compact.
4. The Committee may extend the due date of the Strategic Development Plan, the Infrastructure Development Plan, or the Annual Implementation Plan upon receiving a justified request from the Government of the Federated States of Micronesia.

5. Notification of Grant Award and Acceptance

- (a) The Government of the United States of America shall forward official Grant award notices to the Government of the Federated States of Micronesia as soon as practicable after October 1 of each year. The Government of the Federated States of Micronesia shall signify its acceptance of Grants by accepting payments of the Grants.
- (b) Notwithstanding subparagraph (a) above, a determination by the Government of the United States of America approving or disapproving a request for a Grant award for a specific infrastructure project should be made within 30 days of the

submission of the request. Where a Grant award has been approved, the Grant award should be issued within 60 days of the approval.

6. Notwithstanding paragraph 3(a) of this Article, the Government of the Federated States of Micronesia shall submit an Annual Implementation Plan in the Fiscal Year in which this Agreement enters into force. The Committee shall determine the due date for such submission. The Committee may waive the requirements of paragraphs 3(f) and 3(g) of this Article for the first submitted Annual Implementation Plan.

## **Article VI Post-Award Requirements**

### **1. Financial Administration**

#### **(a) Standards for Financial Management Systems**

- i. The Government of the Federated States of Micronesia shall expend and account for Grants, in accordance with its laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the Government of the Federated States of Micronesia, as well as its Sub-Grantees and cost-type contractors, shall be sufficient to:
  - a. Permit preparation of reports required by this Agreement and the 2023 Amended Compact; and
  - b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used in compliance with the provisions of the 2023 Amended Compact and applicable agreements.
- ii. The financial management systems used by the Government of the Federated States of Micronesia shall meet the following standards:
  - a. Financial Reporting. Accurate, current, and complete disclosure of the financial results relating to Grants shall be in accordance with the reporting requirements of the Grant or Sub-Grant.
  - b. Accounting Records. Accounting records shall adequately identify the source and application of funds provided for all Grant activities. These records must contain information pertaining to awards and authorizations, Obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

- c. Internal Control. The system shall maintain effective controls and accountability for all Grant and Sub-Grant cash, Real Property and personal property, and other assets to safeguard and ensure uses are solely for authorized purposes.
  - d. Budget Control. Actual expenditures or outlays must be compared with budgeted amounts for each Grant or Sub-Grant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the Grant terms and conditions. If unit cost data are required, estimates based on available documentation shall be accepted whenever possible.
  - e. Allowable Cost. Applicable cost principles and Grant terms and conditions shall be followed in determining the reasonableness and allowability of costs. An Indirect Cost rate may not be charged against Grants.
  - f. Source Documentation. Accounting records shall be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, Contract and Sub-Grant award documents, and other financial data.
  - g. Cash Management. Grant payments shall be made in accordance with Article IV of this Agreement. To the extent that the Government of the Federated States of Micronesia awards Sub-Grants to states, local governments or other entities, it shall establish reasonable procedures to ensure the timely receipt of reports on cash balances and cash disbursements to enable the preparation of complete and accurate cash transactions reports.
- iii. The Government of the United States of America may review the adequacy of the financial management system of any recipient of a Grant at any time.

(b) Financial Reports

- i. Annual Financial Report. No later than 180 days after the end of each Fiscal Year, the Government of the Federated States of Micronesia shall submit to the Committee and the Government of the United States of America an Annual Financial Report comprised of the financial reports specified below. The Annual Financial Report shall be used to monitor the general budget and fiscal performance of the Government of Federated States of Micronesia and to monitor disbursement or outlay information for each Grant. The Committee may extend the due date of the Annual Financial Report upon receiving a

justified request from the Government of the Federated States of Micronesia. The Annual Financial Report must include:

- a. A report containing: (1) a statement of revenues and expenditures for governmental fund types, and (2) a comparison of budget and actual expenditures by function for governmental fund types;
  - b. A report for all Operational Grants-containing a budget execution report for each function and specifying major offices, cost centers, and budget activities; and
  - c. A federal financial report for each Grant on form SF-425 or any successors thereto, as issued by the Government of the United States of America from time to time (“SF-425”).
- ii. Accounting Basis. The Government of the Federated States of Micronesia shall report on a cash or accrual basis consistent with its own policies.

(c) Period of Availability of Grant Funds.

- i. Funding for Operational Grants shall generally be available for one year. Funding for Sector Grants for public infrastructure shall be available for obligation for the time period described in the terms and conditions of the Sector Grants.
- ii. The Government of the Federated States of Micronesia shall liquidate all Accrued Expenditures incurred under a Grant not later than 120 days after the end of the funding period or as otherwise mutually decided, to inform the submission of the Annual Financial Report.

(d) Changes, Property, Sub-Grants, and Contracts

- i. Reprogramming
  - a. The Government of the Federated States of Micronesia may Reprogram funds within a Sector Allocation. Such Reprogramming must be consistent with the Annual Implementation Plan concurred with by the Committee and must occur between October 1 and June 30 of the Fiscal Year for which the Sector Grant was awarded, unless Reprogramming is necessary in an emergency to protect public health and safety.

- b. The Government of the Federated States of Micronesia shall notify the Government of the United States of America prior to Reprogramming within a Sector Allocation, unless such total Reprogramming is less than 15 percent of the total amount granted for Sector Grants in the Fiscal Year for which the Sector Grant was awarded or \$1,000,000, whichever is less.
  - c. The Government of the Federated States of Micronesia must retain sufficient documentation of any Reprogramming to fulfill all reporting and auditing requirements provided in this Agreement. As part of the Annual Financial Report, the Government of the Federated States of Micronesia shall provide a summary document of all Reprogramming by sector.
- ii. Budget Changes in Grants. Except as stated in the Grant document, the Government of the Federated States of Micronesia shall notify the Government of the United States of America prior to any budget change in a Grant that would result in the need for additional funding over and above the original award.
  - iii. Programmatic Changes. The Government of the Federated States of Micronesia shall notify the Government of the United States of America prior to any of the following actions:
    - a. Any revision of the scope or performance objectives of the Grant; and
    - b. Any extension of the period of funding availability.

(e) Real Property

- i. Title. Title to Real Property acquired with Grant funds shall vest upon acquisition in the Government of the Federated States of Micronesia.
- ii. Use. Except as mutually decided by the Signatory Governments, Real Property acquired with Grant funds shall be used as long as needed for the purposes originally authorized in the Grant, and the Government of the Federated States of Micronesia shall not dispose of or encumber Real Property titles or other interests.
- iii. Disposition. When Real Property is no longer needed for the originally authorized purpose, the Government of the Federated States of Micronesia shall choose one of the following disposition alternatives:

- a. Retention of Title. If the Real Property will continue to be used for a public purpose, the Government of the Federated States of Micronesia shall retain title;
- b. Sale of Property. The Government of the Federated States of Micronesia may sell the property at fair market value and the proceeds from such sale may only be available for expenditure in the sector for which the original Sector Grant was awarded; or
- c. Transfer of Title. The Government of the Federated States of Micronesia may transfer title to a third party approved by the Government of the United States of America.

(f) Equipment

- i. Title. Subject to this Agreement, title to Equipment acquired with Grant funds shall vest upon acquisition in the Government of the Federated States of Micronesia.
- ii. Consistent with subsections (iii)-(v) below, the Government of the Federated States of Micronesia shall use, manage, and dispose of Equipment acquired with Grant funds, in accordance with its laws and procedures.

iii. Use

- a. Equipment shall be used in the program or project for which it was acquired as long as needed as provided for in the Grant. When no longer needed for the original purpose, the Equipment may be used in other activities currently or previously supported by an agency of the Government of the United States of America.
- b. Equipment acquired with Grant funds may be used by other projects or programs currently or previously supported by the Government of the United States of America, provided such use does not interfere with the work on activities funded pursuant to the 2023 Amended Compact for which such Equipment was originally acquired.
- c. Unless specifically permitted by the Grant terms and conditions, Equipment acquired with Grant funds to provide services for a fee may not be used to compete unfairly with private companies that provide equivalent services.

- iv. Management Requirements. Procedures for managing Equipment, whether acquired in whole or in part with Grant funds shall meet the following minimum requirements:
  - a. Property records shall be maintained which include: (1) a description of the property; (2) a serial number or other identification number; (3) the source of property; (4) who holds title; (5) the acquisition date and cost of the property; (6) the percentage of Grants used in the purchase; (7) the location, use, and condition of the property; and (8) any ultimate disposition data including the date of disposal and sale price;
  - b. A physical inventory of the property must be taken and the results reconciled with the property records at least once every three years;
  - c. A control system shall be developed to ensure adequate safeguards against property loss, damage, or theft. Any loss, damage, or theft shall be investigated;
  - d. Adequate maintenance procedures shall be developed to keep the property in good condition; and
  - e. If the property is sold, proper sales procedures shall be established to ensure the highest possible return.
- v. Disposition. When Equipment acquired with Grant funds is no longer needed for the original project or program, or for other activities supported by other agencies of the Government of the United States of America, it shall be disposed as follows:
  - a. Items of Equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the Government of the United States of America; and
  - b. Items of Equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold. The Government of the Federated States of Micronesia may sell the property at fair market value and the proceeds from such sale may only be available for expenditure in the sector for which the original Sector Grant was awarded.
- (g) Supplies. Title to Supplies acquired with Grant funds shall vest upon acquisition in the Government of the Federated States of Micronesia.



- (h) Contracts to Debarred and Suspended Parties or Foreign State-Owned Enterprises. The Government of the Federated States of Micronesia shall not award funds received pursuant to the 2023 Amended Compact to any party which is debarred, suspended, or otherwise excluded from and ineligible for participation in United States assistance programs. A list of those parties that are debarred, suspended, or otherwise excluded from or ineligible for participation may be found in the System for Award Management list maintained by the General Services Administration (“SAM Exclusions List”), or its successor. The Government of the Federated States of Micronesia shall ensure that Grants shall not go to those parties identified in the SAM Exclusions List.
- (i) No award or Contract may be made to procure or obtain Equipment, services, or systems that uses Covered Telecommunications Equipment or Services as a substantial or essential component of any system, or as critical technology as part of any system unless the Government of the United States of America waives this requirement.
- (j) No award or Contract may be made to an enterprise that has more than a fifty percent share owned by a State other than the Federated States of Micronesia or the United States of America, unless the Signatory Governments mutually decide to waive this prohibition.
- (k) No Grants shall be used to support the Federated States of Micronesia’s Office of the President, Offices of State Governors, legislatures, or operations of the judicial branch, nor shall the monies be used for any lobbying activities.
- (l) Program Income. For the purposes of this Agreement, “Program Income” shall include: (1) earnings from the use or rental of Real Property or personal property acquired with Grant funds; (2) the sale of commodities or items fabricated under a Sector Grant; and (3) fees assessed in the areas of public utilities, health services, and any other activities provided by government or government-owned enterprises that are supported by Sector Grants.
- i. The Government of the Federated States of Micronesia shall seek opportunities to earn Program Income to defray government program costs and shall establish fees for services in the areas of public utilities, health services, and any other government-owned or operated enterprises to comply with the Grant terms and conditions.
  - ii. Unless otherwise authorized by the Grant, Program Income shall remain with the programs in which they are earned, to offset Operational Costs and capital costs not covered by Grant funds.

**(m) Procurement**

- i. The Government of the Federated States of Micronesia may establish uniform criteria for procurement, whether done by government or its Sub-Grantees, provided that they meet the standards identified in subparagraph (m).
- ii. The Government of the Federated States of Micronesia shall maintain a contract administration system that ensures that contractors perform in accordance with the terms, conditions, and specifications of their Contracts or purchase orders.
- iii. A written code of conduct shall be maintained by the Government of the Federated States of Micronesia to govern the performance of its employees engaged in the award and administration of Contracts. No employee, officer, or agent of the Government of the Federated States of Micronesia shall participate in the selection, award, or administration of a Contract supported by Grant funds if a conflict of interest, real or apparent, is involved as defined under the laws of the Federated States of Micronesia.
  - a. Officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, except that the Government of the Federated States of Micronesia may set minimum rules where the financial interest is not substantial or the gift is unsolicited and of nominal intrinsic value.
  - b. To the extent permitted by the laws or regulations of the Federated States of Micronesia, the standards of conduct shall provide for penalties, sanctions, or other disciplinary actions for violations.
- iv. Awards shall be made only to contractors who possess the ability to perform responsibly and successfully under the terms and conditions of a proposed procurement. Selection must consider contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- v. Records shall be maintained with sufficient detail to document the history of a procurement, including but not limited to the rationale for and method of procurement, the selection of Contract type, contractor selection or rejection, and the basis for the Contract price.

- vi. The Government of the Federated States of Micronesia shall use time and material type Contracts only after determining that no other Contract is suitable and if the Contract includes a ceiling price that the contractor exceeds at its own risk.
- vii. The Government of the Federated States of Micronesia may not use Grant funds for and shall be solely responsible for, in accordance with good administrative practice and sound business judgment, the settlement of disputes arising out of procurement or the execution of projects. Notwithstanding this limitation, the Government of the United States of America may approve a request from the Government of the Federated States of Micronesia for the use of Grant funds for dispute settlement on a case-by-case basis. The Government of the United States of America shall consider any such requests for approval without unnecessary delay. This prohibition on the use of Grant funds is not intended to apply to matters arising out of the ordinary course of Contract administration.
- viii. The Government of the Federated States of Micronesia shall have protest procedures to handle and resolve procurement disputes.

ix. Competition

- a. All procurement transactions shall be conducted in a manner providing full and open competition. Some of the situations considered to be restrictive of competition include but are not limited to: (1) placing unreasonable requirements on firms in order for them to qualify to do business; (2) requiring unnecessary experience and excessive bonding; (3) noncompetitive pricing practices between firms or between affiliated companies; (4) making noncompetitive awards to consultants on retainer; (5) organizational conflicts of interest; (6) specifying a “brand name” instead of allowing “an equal” product to be offered and describing the performance of other relevant requirements of the procurement; and (7) any arbitrary action in the procurement process.
- b. Preferences for contractors and individuals of the Federated States of Micronesia in procurement decisions shall be allowed only if its application leaves an appropriate number of qualified firms to compete in the Contract, and if there is no discrimination against race, religion, or national origin and it does not substantially increase the cost of the Contract.
- c. Written selection procedures shall govern procurement. These procedures shall ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be

procured. Such description shall not, in competitive procurement, contain features that unduly restrict competition.

- d. The Government of the Federated States of Micronesia shall ensure that all pre-qualified lists of persons, firms, or products used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Potential bidders shall not be precluded from qualifying during the solicitation period.

x. Methods of Procurement

- a. Procurement By Small Purchase Procedures. Small purchase procedures are those relatively simple and informal methods for securing services, Supplies, or other property that do not cost more than \$100,000. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.
- b. Procurement By Sealed Bids. Sealed bids are those bids that are publicly solicited for which a firm-fixed-price Contract is awarded to the lowest responsive and responsible bidder who meets all the terms and conditions of the invitation. The sealed bid method is the preferred method for procuring construction, if the conditions of subsection (x)(c) below apply.
- c. The following conditions shall apply to sealed bidding: (1) a complete, adequate, and realistic specification or purchase description must be available; (2) two or more responsible bidders must be willing and able to compete effectively for the business; (3) the procurement must lend itself to a firm fixed price Contract; and (4) the selection of the successful bidder can be made principally on the basis of price.
- d. The following requirements shall apply if sealed bids are used: (1) the invitation for bids shall be publicly advertised, solicited from an adequate number of known suppliers, and provide bidders with sufficient time to respond; (2) the invitation shall include any specifications and pertinent attachments, and define the items or services to allow the bidder to properly respond; (3) all bids shall be publicly opened at the time and place prescribed in the invitation for bids; and (4) a firm fixed-price Contract award shall be made in writing to the lowest responsive and responsible bidder. Any or all bids may be rejected if there is a sound documented reason.

- e. Procurement By Competitive Proposals. Competitive proposals are normally conducted when more than one source submits an offer for either a fixed-price or cost-reimbursement type Contract, and when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements shall apply: (1) requests for proposals shall be publicized and identify all evaluation factors and their relative importance; (2) proposals shall be solicited from an adequate number of qualified sources; (3) the Government of the Federated States of Micronesia shall have a method for conducting technical evaluations of the proposals and for selecting awardees; and (4) awards shall be made to the firm whose proposal is most advantageous to the program. Competitive proposals may also be used when price is not a factor but only to procure architectural and engineering services. It cannot be used to purchase other types of services provided by architectural and engineering firms that are a potential source to perform the proposed effort.
  
- f. Procurement By Noncompetitive Proposals. Noncompetitive proposals are procurement through the solicitation of only one source or when competition is determined inadequate after soliciting a number of sources. This method shall be used only when the award of a Contract is infeasible under either procedures for small purchase, sealed bids, or competitive proposals, and when one of the following circumstances applies: (1) the item is available only from a single source; (2) public exigency or emergency will not permit a delay resulting from competitive solicitation; or (3) competition is determined to be inadequate after the solicitation of a number of sources. Cost analysis shall be required to verify the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits.
  
- xi. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.
  
- xii. United States Review
  - a. The Government of Federated States of Micronesia shall make available, upon request of the Government of the United States of America, technical specifications on proposed procurements.
  
  - b. The Government of Federated States of Micronesia shall make available, upon request of the Government of the United States of America, pre-award procurement documents, including but not limited to requests for proposals or invitations for bids and independent cost estimates, when: (1)

procurement procedures fail to comply with the standards set forth in subparagraph (m); (2) the procurement is expected to exceed \$100,000 and is to be awarded without competition or only one bid or offer is received in response to a solicitation; (3) the proposed award is more than \$100,000 and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or (4) a proposed Contract modification changes the scope of a Contract or increases the Contract amount by more than \$100,000.

xiii. Bonding Requirements. For construction or facility improvement Contracts or sub-contracts exceeding \$100,000, the Government of the United States of America may accept the bonding policy and requirements of the Grantee or Sub-Grantee provided the Government of the United States of America determines that its interests are adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

- a. Bid Guarantee. Each bidder shall guarantee an equivalent of five percent of the bid price pursuant to a bid guarantee that complies with the following requirements: the bid guarantee shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying the bid as assurance that the bidder will, upon acceptance of a bid, execute such contractual documents as may be required within the time specified.
- b. Performance Bond. The contractor shall execute a performance bond for one hundred percent of the Contract price. A performance bond is one executed in connection with a Contract to secure fulfillment of all the contractor's obligations under such contract.
- c. Payment Bond. The contractor shall execute a payment bond for one hundred percent of the Contract price. A payment bond is one executed in connection with a Contract to assure the lawful payment of all persons supplying labor and material in the execution of the Contract.

xiv. Contract Provisions. All Contracts paid by Grant funds shall contain the following provisions:

- a. For Contracts in excess of \$100,000: administrative, contractual, or legal remedies in instances where contractors violate or breach Contract terms, and the provision of such sanctions and penalties as appropriate;
- b. For Contracts in excess of \$100,000: Termination for cause and for convenience by the Grantee or Sub-Grantee including the manner by which it will be effected and the basis for settlement;

- c. Compliance with the local statutes regarding kickbacks and corrupt practices;
- d. Access by the Government of the Federated States of Micronesia and its Sub-Grantees, the Government of the United States of America, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific Contract for the purpose of making audit, examination, excerpts, and transcriptions;
- e. Retention of all required records for three years after Grantees or Sub-Grantees make final payments and all other pending matters are closed; and
- f. Compliance with all applicable standards, orders, or requirements issued under local environmental laws.

(n) Sub-Grants

- i. The Government of the Federated States of Micronesia shall follow its laws and procedures when awarding and administering Sub-Grants. The Government of the Federated States of Micronesia shall ensure that:
  - a. Every Sub-Grant includes any clauses required by the 2023 Amended Compact, the Grant terms and conditions, and this Agreement;
  - b. Sub-Grantees are aware of requirements imposed upon them by the 2023 Amended Compact, the Grant terms and conditions, and this Agreement; and
  - c. The Sub-Grantee can meet the financial management requirements of this Agreement.

2. Program Monitoring, Performance Reports, and Records Retention

(a) Monitoring and reporting Sector Grant program performance by the Government of the Federated States of Micronesia

- i. The Government of the Federated States of Micronesia shall be responsible for the management and monitoring of the day-to-day operations of all Sector Grants and their activities, to assure compliance with all applicable Sector Grant terms and conditions. Monitoring shall cover each program, function, or

activity to ensure the achievement of performance goals.

- ii. The Government of the Federated States of Micronesia shall provide to the Government of the United States of America and the Committee an Annual Performance Report on all Sector Grants. The report shall be due 180 days after the end of each Fiscal Year. The Committee may extend the due date of the Annual Performance Report upon receiving a justified request from the Government of the Federated States of Micronesia.
- iii. The Signatory Governments shall agree on a uniform format for the Annual Performance Report. The Annual Performance Report shall contain a summary of the following:
  - a. A comparison of actual accomplishments to the objectives and indicators established for the period;
  - b. Any positive events that accelerate performance outcomes;
  - c. Any problems or issues encountered, reasons, and impact on Grant activities and performance measures;
  - d. A detailed project status update on each infrastructure project funded pursuant to the 2023 Amended Compact; and
  - e. Additional pertinent information including, when appropriate, an analysis and explanation of cost overruns.
- iv. The Government of the Federated States of Micronesia shall require an annual performance report that meets the requirements of subsections (i)-(iii) above from its Sub-Grantees.

(b) Third-Party Performance Reporting Assistance

- i. The Government of the Federated States of Micronesia shall retain a qualified third party to assist with submission of the Annual Financial Report and Annual Performance Report as provided for in Articles VI(1)(b)(I) and VI(2)(c) of this Agreement.
- ii. The Government of the Federated States of Micronesia shall consult with the Government of the United States of America in choosing the third party.



iii. The third party's responsibilities may include:

- a. Assisting the Government of the Federated States of Micronesia in collecting the information necessary to formulate the reports required under this Agreement;
- b. Assisting the Government of the Federated States of Micronesia in analyzing the information collected;
- c. Assisting the Government of the Federated States of Micronesia in drafting the reports required under this Agreement; and
- d. Training and capacity building in producing verifiable and reliable data relating to sector performance outcomes.

(c) Significant Developments. Events may occur between the scheduled performance reporting dates that have significant impact upon a Sector Grant supported activity. In such cases, the Government of the Federated States of Micronesia shall immediately inform the Government of the United States of America when the following conditions arise:

- i. Problems, delays, or adverse conditions that will materially impair the ability of the Government of the Federated States of Micronesia to meet the terms and conditions of the Sector Grant. This disclosure must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
- ii. Favorable developments that enable the meeting of time schedules and objectives sooner or at less cost than anticipated, or that produce more beneficial results than anticipated.

(d) The Government of the United States of America may make site visits as warranted by program needs.

(e) Retention and Access Requirements for Records

- i. Applicability. This subparagraph applies to all financial and programmatic records, supporting documents, statistical records, and other records of the Government of the Federated States of Micronesia or its Sub-Grantees which are required to be maintained by this Agreement, program regulations, or the terms and conditions of the Grant, or are otherwise considered as pertinent to

program regulations or the terms and conditions of the Grant. Records of contractors or subcontractors are exempt from the requirements of this subparagraph.

- ii. Length of Retention. Except as otherwise provided, records must be retained for three years from the date the Government of the Federated States of Micronesia submits the final project report to the Government of the United States of America.
- iii. If any litigation, claim, negotiation, Audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
- iv. Access to Records of the Government of the Federated States of Micronesia and Its Sub-Grantees. The Government of the United States of America shall have the right of access to any pertinent books, documents, papers, or other records of the Government of the Federated States of Micronesia and its Sub-Grantees which are pertinent to the Grant, in order to make Audits, examinations, excerpts, and transcripts.

### 3. Enforcement

- (a) Remedies for Noncompliance. If during the course of the Fiscal Year the Government of the Federated States of Micronesia or its Sub-Grantee materially fails to comply with the requirements relating to records retention or to Sector Grant reporting and monitoring, as provided in this Agreement or any Grant term or condition, the Government of the United States of America may take one or more of the following actions:
  - i. Temporarily withhold cash payments pending correction of the deficiency by the Government of the Federated States of Micronesia.
  - ii. Disallow the use of Grants and disallow Matching credit for all or part of the activity or action not in compliance.
  - iii. Wholly or partly suspend or terminate the current award.
  - iv. Take other remedies that may be legally available.
- (b) Hearings. In taking an enforcement action, the Government of the United States of America shall provide the Government of the Federated States of Micronesia an

opportunity to a hearing, Appeal, or other administrative proceeding to which it is entitled under this Agreement.

- (c) Effects of Suspension and Termination. The Government of the Federated States of Micronesia shall not obligate funds during a Suspension or after Termination of an award unless expressly authorized by the Government of the United States of America. Costs which are necessary and reasonably unavoidable are allowable if:
- i. The costs result from Obligations that were properly incurred before the effective date of Suspension or Termination, are not in anticipation of it, and, in the case of a Termination, are non-cancelable.
  - ii. The costs otherwise would be allowed if the award were not suspended or expired normally at the end of the funding period in which the Termination takes effect.

## **Article VII**

### **Terms and Conditions of Infrastructure Assistance**

1. Sector Grants for public infrastructure shall be subject to all laws and regulations governing the use of Grant funds to the extent these apply to this Agreement. Sector Grants for public infrastructure shall support individual infrastructure projects and the costs of directly related project management and administrative functions and may not be used for any purpose other than for which they are offered.
2. The intent of Sector Grants for public infrastructure is to provide quality and sustainable infrastructure. Infrastructure projects funded by Sector Grants shall adhere to the latest edition of the International Building Code or equivalent and shall be delivered through processes that ensure adherence to best practices and require effective, transparent, and competitive contract and project administration utilizing qualified professionals.
3. Infrastructure project documents shall be based upon the latest published edition of the family of contracts, forms, and exhibits of the American Institute of Architects or of the Engineers Joint Contract Documents Committee, whichever is appropriate for a particular project.
4. The provisions of this Article shall apply to all Sector Grants for public infrastructure.
5. Sector Grants for public infrastructure may be used for preliminary engineering and design of infrastructure projects concurred with by the Committee.

6. Requests for advance payment or reimbursement by the Government of the Federated States of Micronesia for actual or Accrued Expenditures shall be accomplished using a format provided by the Government of the United States of America or as mutually decided.

7. All funds for Sector Grants for public infrastructure shall remain available until the end of the period of availability as outlined in the Sector Grant award.

8. Failure to comply with program objectives, terms and conditions of the Grant, or reporting requirements may result in the Suspension of any part or all of a Sector Grant for public infrastructure until the deficiency is corrected.

9. Infrastructure Maintenance Fund

(a) The Government of the United States of America shall make annual contributions from the amounts made available for Grants to the Infrastructure Maintenance Fund as set forth in the tables below, which starts with 7 percent of \$140,000,000 in Fiscal Year 2024 and increases thereafter.

<i>Fiscal Year</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Thousands of USD</i>	9,800	10,220	10,220	10,640	10,640	11,060	11,060	11,480	11,480	11,900

<i>Fiscal Year</i>	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<i>Thousands of USD</i>	11,900	12,320	12,320	12,740	12,740	13,160	13,160	13,580	13,580	14,000

(b) The Government of the Federated States of Micronesia may choose to contribute to the Infrastructure Maintenance Fund.

(c) The Government of the Federated States of Micronesia shall provide to the Government of the United States of America an annual statement on the Infrastructure Maintenance Fund from the previous year showing the deposits of

each of the Signatory Governments, the amount of income generated during the Fiscal Year, and the fund balance.

- (d) The Infrastructure Maintenance Fund shall be maintained and utilized pursuant to the terms and conditions of this paragraph.
  - (e) The Infrastructure Maintenance Fund shall be available for use following the annual transmittal of a consolidated infrastructure maintenance plan by the Government of the Federated States of Micronesia to the Government of the United States of America.
  - (f) The Infrastructure Maintenance Fund shall be used only for the purposes of the repair and maintenance of United States funded infrastructure within the Federated States of Micronesia. It may not be used to fund extensions, expansions, or repurposing of previous infrastructure projects.
  - (g) Separate from any contribution it may make to the Infrastructure Maintenance Fund, the Government of the Federated States of Micronesia may allocate amounts from the health and education Sector Grants to fund the maintenance requirements of those sectors.
10. **Reporting Requirements.** An SF-425, or any successors thereto, shall be prepared annually and submitted within 180 days after the end of the Fiscal Year to which it applies. The report shall include accounting information and a status of progress for each project funded by the Grant.

## **Article VIII**

### **Audit**

1. **Standards and Scope of Audit Authority of the Government of the United States of America.** Audit officials or agents of the Government of the United States of America, acting consistent with Section 232 of the 2023 Amended Compact, may perform Audits on the use of all Grants. The Government of the United States of America is responsible for all costs attendant to the discharge of this authority.
2. **Audit Responsibility of the Government of the Federated States of Micronesia**
  - (a) A financial and compliance Audit, within the meaning of the Single Audit Act, as amended (31 U.S.C. 7501 et seq.), or any successors, of the uses of Grants by the Government of the Federated States of Micronesia shall be performed annually from Fiscal Year 2024 through Fiscal Year 2043. The results of these Audits shall

be available no later than the end of the third fiscal quarter following the end of the Fiscal Year under review.

- (b) For purposes of these Audits, the laws and regulations of the United States of America shall apply which are relevant to the 2023 Amended Compact, related agreements, and such other instruments as may be made expressly applicable by mutual decision of the Signatory Governments. The applicable laws and regulations of the Federated States of Micronesia are those promulgated under the authority, and at the discretion, of the Government of the Federated States of Micronesia and which relate in a material, substantial or direct way to that Government's financial statements and operations.
- (c) The authority of the Government of the United States of America set forth in this Article shall continue for at least three years after the last Grant or element of assistance by the Government of the United States of America has been provided and expended.

### 3. Audit Officials

- (a) Audit officials from the Government of the United States of America are the officials and employees of the Government of the United States of America who are responsible for the discharge of its audit responsibilities, including those of the Comptroller General of the United States of America (“Comptroller General”) and any Inspector General of an agency of the Government of the United States of America with programs operating in or otherwise serving the Federated States of Micronesia. While present in the Federated States of Micronesia for the purposes of this Agreement, audit officials from the Government of the United States of America shall be immune from civil and criminal process relating to words spoken or written and all acts performed by them in their official capacity and falling within their functions, except insofar as such immunity may be expressly waived by the Government of the United States of America. The Comptroller General and his duly authorized representatives, and other audit officials from the Government of the United States of America, shall not be liable to arrest or detention pending trial, except in the case of a grave crime and pursuant to a decision by a competent judicial authority, and such persons shall enjoy immunity from seizure of personal property, immigration restrictions, and laws relating to alien registration, fingerprinting, and the registration of foreign agents. Such persons shall enjoy the same taxation exemptions as are set forth in Article 34 of the Vienna Convention on Diplomatic Relations. The privileges, exemptions, and immunities accorded under this paragraph are not for the personal benefit of the individuals concerned but are to safeguard the independent exercise of their official functions. Without prejudice to those privileges, exemptions, and immunities, it is the duty of all such

persons to respect the laws and regulations of the Federated States of Micronesia.

- (b) Audit officials from the Government of the United States of America shall provide the Government of the Federated States of Micronesia with advance notice of the specific dates and nature of their visits prior to entering the Federated States of Micronesia and shall show verifiable identification to officials of the Government of the Federated States of Micronesia when seeking access to records. In the performance of their responsibilities under this Agreement, audit officials from the Government of the United States of America shall have due regard for the laws of the Federated States of Micronesia and the duties and responsibilities of the officials of the Government of the Federated States of Micronesia. Officials of the Government of the Federated States of Micronesia shall cooperate fully to the extent practicable with the United States audit officials to enable the full discharge of their responsibilities. Questions with respect to the identity or authorization of United States audit officials shall be referred for resolution to the United States Representative referred to in Article V of Title One of the 2023 Amended Compact.
- (c) The Comptroller General, and officials of the United States General Accounting Office acting on the Comptroller General's behalf, shall have coextensive authority with the executive branch of the Government of the United States of America as provided in this Article. The audit officials from the executive branch of the Government of the United States of America shall avoid duplication between their audit programs and those of the United States General Accounting Office. The Government of the Federated States of Micronesia shall cooperate fully to the extent practicable with the Comptroller General in the conduct of such Audits as the Comptroller General determines necessary in accordance with this Article to enable the full discharge of the Comptroller General's responsibilities.

4. Access to Records

- (a) The Government of the Federated States of Micronesia shall provide audit officials from the Government of the United States of America with access, without cost and during normal working hours, to all records, documents, working papers, automated data, and files which are relevant to the uses of funding received pursuant to the 2023 Amended Compact by the Government of the Federated States of Micronesia. To the extent that such information is contained in confidential official documents, the Government of the Federated States of Micronesia shall undertake to extract information that is not of a confidential nature and make it available to the audit officials from the Government of the United States of America in the same manner as other relevant information or to provide such information from other sources.

- (b) In order to reduce the level of interference in the daily operation of the activities of the Government of the Federated States of Micronesia, audit officials from the Government of the United States of America shall, to the extent practicable, inform the Government of the Federated States of Micronesia of their need for information, including the type of information and its relation to their annual audit schedule. To the extent practicable, the Government of the Federated States of Micronesia shall make available the information requested by audit officials from the Government of the United States of America relevant to Audits and available in a manner consistent with generally accepted accounting procedures that allows for the distinction of the Grants, assistance, and payments provided by the Government of the United States of America from any other funds of the Government of the Federated States of Micronesia. Such information shall be used and returned as quickly as accurate audit testing and surveying allow.
- (c) The Government of the Federated States of Micronesia shall maintain records, documents, working papers, automated data, files, and other information regarding each such Grant or other assistance for at least three years after such Grant or assistance was provided.

5. Review of Audits. Audit organizations and officials from the Government of the United States of America, including the Comptroller General and the Comptroller General's duly authorized representatives, shall provide the Government of the Federated States of Micronesia with at least 45 days to review and comment on draft audit reports prior to the release of the reports. The comments of the Government of the Federated States of Micronesia shall be included, in full, in the final audit reports. Should a draft audit report be revised based on the comments of the Government of the Federated States of Micronesia, the Government of the Federated States of Micronesia shall have an additional period to review and comment on the report prior to its release.

## **Article IX**

### **Annual Reconciliation and End-of-Grant Requirements**

1. The Government of the United States of America shall reconcile Operational Grants at least annually and evaluate the Annual Performance Report and the Annual Financial Report to determine work progress, outcomes, and compliance with Sector Grant terms and conditions.
2. The Government of the United States of America shall close out each award at the end of each Fiscal Year once it determines that all applicable administrative actions and required work has been completed or if all Grant funds have been expended.



- (a) Within 90 days after receipt of the Annual Financial Report, the Government of the United States of America shall make upward or downward adjustments to the allowable reimbursable costs.
  - (b) The Government of the Federated States of Micronesia shall immediately refund any balance of cash not authorized to be retained. The refunded balance shall be available for use consistent with paragraph 3 of this Article.
  - (c) The Government of the United States of America may disallow costs and recover funds on the basis of a later audit or other review. The closeout of a Grant does not affect the obligation of the Government of the Federated States of Micronesia to return any funds paid in excess of the amount to which it is finally determined to be entitled under the terms of the Grant. Such an amount shall be deemed to constitute a debt to the Government of the United States of America. If the amount owed is not repaid within a reasonable period, the Government of the United States of America may reduce the debt by:
    - i. Making an administrative offset against other requests for reimbursement;
    - ii. Withholding advance payments otherwise due to the Government of the Federated States of Micronesia; or
    - iii. Taking other action described in this Agreement or as otherwise permitted by law.
3. All funds provided for the purposes specified in Section 211(a) of the 2003 Amended Compact shall be governed as follows, notwithstanding any relevant provisions of the 2003 Amended Compact or the 2004 Fiscal Procedures Agreement:
- (a) Funds that have been allocated by the Committee for sectors other than public infrastructure and:
    - i. Have not been granted by the Government of the United States of America at the end of Fiscal Year 2023 shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.
    - ii. Have been granted by the Government of the United States of America at the end of Fiscal Year 2023 shall remain available to be obligated by the Government of the Federated States of Micronesia until the end of Fiscal Year 2024, during which time such funds shall continue to be governed by the 2004 Fiscal Procedures Agreement. Any such funds that are not obligated by the

Government of the Federated States of Micronesia at the end of Fiscal Year 2024 shall be returned to the Government of the United States of America after the Grant is closed and shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.

- iii. Have been granted by the Government of the United States of America and obligated by Government of the Federated States of Micronesia and are on an active Grant at the end of Fiscal Year 2023 shall remain active on the Grant, consistent with the terms and conditions of the Grant, and such funds shall be governed by the 2004 Fiscal Procedures Agreement.
- iv. Have been returned to the Government of the United States of America following closeout of a Grant shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.

(b) Funds that have been allocated by the Committee for the public infrastructure sector and:

- i. Have not been granted by the Government of the United States of America at the end of Fiscal Year 2023 shall remain available through Fiscal Year 2043 to be granted in accordance with the Committee's Sector Allocation. Such funds shall be governed by this Agreement upon its entry into force, except that if any such funds have not been granted at the end of Fiscal Year 2043, such funds shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.
- ii. Have been granted by the Government of United States of America at the end of Fiscal Year 2023, regardless of whether such funds have been obligated by the Government of the Federated States of Micronesia, shall remain active on the Grant, consistent with the terms and conditions of the Grant, and such funds shall be governed by the 2004 Fiscal Procedures Agreement.
- iii. Have been returned to the Government of the United States of America following closeout of such Grant shall remain available for the public infrastructure sector through Fiscal Year 2043, after which any such funds that are not on an active Grant or that are later returned shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.

4. For all funds specified in Section 261(a) of the 2023 Amended Compact:
- (a) At the end of each Fiscal Year beginning in Fiscal Year 2025, any funds from the prior Fiscal Year as set forth in Section 266 of the 2023 Amended Compact shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia if such funds have either:
    - i. not been allocated by the Committee, or
    - ii. have been allocated by the Committee for a sector other than public infrastructure and have not been granted by the Government of the United States of America or have not been obligated by the Government of the Federated States of Micronesia.
  - (b) Any funds that have been allocated by the Committee for the public infrastructure sector and have not been granted by the Government of the United States of America shall remain available through Fiscal Year 2043 to be granted in accordance with the Committee's Sector Allocation and shall be governed by this Agreement, except that the Signatory Governments may mutually decide at the end of each Fiscal Year that any such funds, or any portion thereof, shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia. If any such funds that have been allocated by the Committee for the public infrastructure sector have not been granted by the end of Fiscal Year 2043, such funds shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.
  - (c) Any funds that have been granted by the Government of the United States of America and remain active on such Grant at the end of each Fiscal Year covered by the 2023 Amended Compact, regardless of whether such funds have been obligated by the Government of the Federated States of Micronesia, shall remain active on the Grant, consistent with the terms and conditions of the Grant, and such funds shall be governed by this Agreement.
  - (d) At the end of Fiscal Year 2044:
    - i. Any funds that are unallocated or ungranted, regardless of the Committee's Sector Allocation, shall be deposited into the Trust Fund as a contribution from the Government of Federated States of Micronesia.

- ii. Any funds that have been granted by the Government of the United States of America and remain active on such Grant as of Fiscal Year 2044 shall remain available consistent with the terms and conditions of the Grant and continue to be governed by this Agreement.
  - (e) Any funds that have been returned to the Government of the United States of America following closeout of a Grant shall be deposited into the Trust Fund as a contribution from the Government of the Federated States of Micronesia.
5. Any funds deposited into the Trust Fund under paragraphs 3 and 4 of this Article, and any distributions made therefrom, shall thereafter be governed by the 2023 Trust Fund Agreement and any other applicable agreement.

### **Article X**

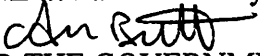
#### **Entry Into Force, Amendment, and Duration**

1. This Agreement shall enter into force on the date of the later note in an exchange of notes between the Signatory Governments indicating that each Signatory Government has completed its internal procedures for entry into force.
2. This Agreement may be amended at any time in writing by mutual agreement of the Signatory Governments.
3. This Agreement shall remain in force until either (i) terminated by mutual agreement of the Signatory Governments; or (ii) until Grants are fully expended or are otherwise contributed to the Trust Fund under Article 9 of this Agreement, whichever occurs first.
4. The Signatory Governments shall consult with each other regarding implementation of this Agreement ten years after its entry into force and consider whether any amendments are desirable.
5. Any disputes under this Agreement shall be addressed in the first instance through consultations in the Committee, between the Signatory Governments, or through the mechanisms expressly provided in this Agreement for dispute settlement, as applicable. If disputes are not resolved through these consultations or mechanisms, either Signatory Government may seek to resolve the matter through the conference and dispute resolution process described in Article II of Title Four of the 2023 Amended Compact.

6. Interpretation. Except as otherwise provided, this Agreement shall be construed and implemented in a manner consistent with the 2023 Amended Compact. In this Agreement, all references herein to Articles, paragraphs, subparagraphs, and subsections shall be deemed references to this Agreement unless the context shall otherwise require. References to statutes or regulations are to be construed as including all statutory or regulatory provisions, as applicable, consolidating, amending, or replacing the statute or regulation referred to. All references to agreements and other documents shall be to such documents as amended, modified, supplemented or restated from time to time in a manner consistent with the terms and conditions of this Agreement. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Generally Accepted Accounting Principles, as in effect from time to time in the United States of America.

**IN WITNESS WHEREOF**, the undersigned, being duly authorized by their respective governments, have signed this Agreement.

**DONE** at Palikir on May 23, 2023.

  
FOR THE GOVERNMENT OF  
THE UNITED STATES OF  
AMERICA:

Aliessa M. Bibb

  
FOR THE GOVERNMENT OF THE  
FEDERATED STATES OF  
MICRONESIA:

VEO J. FANCHAM JR.