

## South Africa 47th country to establish relations with FSM

UNITED NATIONS, New York (FSM INFORMATION SERVICE) - South Africa became the forty seventh (47th) country in the world and the first from Africa to formally establish diplomatic relations with the Federated States of Micronesia when Their Excellencies Ambassador Resio S. Moses from the Federated States of Micronesia and Ambassador Khiphusizi J. Jele from South Africa signed a Joint Communiqué on the 12th of December 1996 in a brief ceremony

at the South African Mission to the United Nations in New York, according to a release from the FSM Mission to the United Nations.

Witnessing the brief signing ceremony were the Deputy Permanent Representative, Tadao Sigrah, and Minister/Counselor Matt Maradol from the FSM Mission and Mr. Craig Daniel, Third Secretary for Legal Affairs from the South African Mission.

Both Ambassadors Moses and Jele expressed the two countries' desires

to promote the spirit of mutual understanding and to develop ties of friendship and cooperation between their two peoples based on the principles of the United Nations Charter and International Law, particularly international peace and security, juridical equality among States, respect for national sovereignty, independence, respect for international treaties, territorial integrity and non-interference in the internal affairs of States.

(See *SOUTH AFRICA*, Page 2)



## THE NATIONAL UNION

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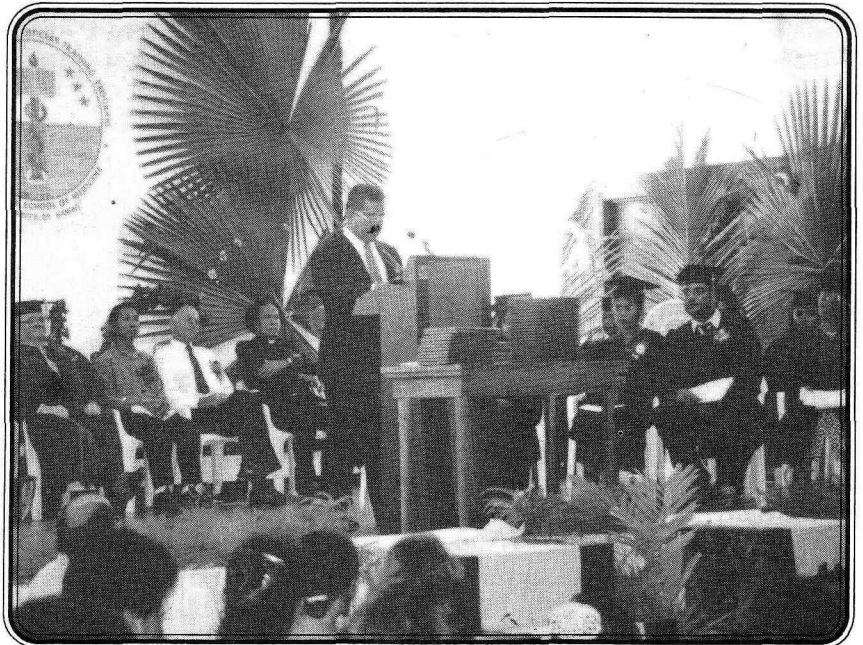
Palikir, Pohnpei, December 1996

Number 9

## FSM & Belgium established diplomatic relations

UNITED NATIONS, New York (FSM INFORMATION SERVICE) - A Joint Communiqué on the Establishment of Diplomatic Relations between the Governments of the Federated States of Micronesia and of the Kingdom of Belgium was signed at the Permanent Mission of Belgium to the United Nations on October 28, 1996. By the Communiqué, the two Governments decided to establish diplomatic relations at the Ambassadorial level on the basis of principles of mutual respect of their sovereignty, equality and non-interference, as enshrined in the Charter of the United Nations and with reference to the relevant

(See *BELGIUM*, Page 2)



*MO LAST GRADUATION - The Pacific Basin Medical Officers Training Program graduated its last batch of students consisting of 20 Doctors: two from Kosrae, one from Yap six from Belau, four from Chuuk, two from Pohnpei, two from Marshalls, and three from American Samoa. Acting President Jacob Nena at the podium is delivering his welcoming remarks during the graduation ceremonies held December 14, 1996 at PICS Auditorium in Kolonia, Pohnpei.*

## 2 *South Africa* .....

*((Continued from Page 1))*

It was also agreed in the Joint Communiqué that diplomatic relations between the two countries will be established at the ambassadorial level in accordance with the provisions of the Vienna Convention on Diplomatic Relations of 18 April 1961, as from the date of signing of the Joint Communiqué.

## *Belgium* .....

*((Continued from Page 1))*

provisions of the Vienna Convention of 1961, according to a release from the FSM Mission at the United Nations.

The Permanent Representative of the Federated States of Micronesia to the United Nations, Ambassador Resio S. Moses, signed on behalf of the FSM Government and His Excellency, Ambassador M. Alex Reyn, permanent Representative of Belgium signed for the Government of the Kingdom of Belgium. In attendance for the FSM at the signing ceremony, were Mr. Tadao P. Sigrah, FSM Deputy Permanent Representative and Mr. Mathias Maradol, Minister Counselor. The Deputy Permanent Representative of Belgium, Mr. M. Dirk Wouters and Mr. Peter Vandeveld, Secondary Secretary, attended for the Government of the Kingdom of Belgium.

During the brief signing ceremony, Ambassador Moses expressed the gratitude of the FSM Government on this historic occasion for the FSM to move closer with the Government of Belgium, an important nation with the European Union. Ambassador Moses added that a bond already exists between the two Governments as some prominent citizens of the Federated States of Micronesia who made Micronesia their home since the 1800's were originally from the Kingdom of Belgium. Some continue to be citizens of Belgium. The brief ceremony concluded with expressions of optimism by the two Permanent Representatives of closer working relations and mutual cooperation between the two respective governments at the United Nations.

## *Grant application submitted to CFSM for approval*

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - Acting FSM President Jacob Nena submitted on December 30, 1996 to FSM Congress for its review and approval a project grant application of \$285,000, to be funded under Office of Insular Affairs (OIA) Operation and Maintenance Improvement program (OMIP).

Although, the funds requested for Pohnpei Water and Sewer Utility Development will be from the U.S. Government, it must first receive the approval of FSM Congress as mandated by Public Law No. 6-22.

Pohnpei State has been receiving similar grants over the past years with which it used for the improvement of Water and Sewer Utility Systems.

In his transmittal letter, Nena offered further information from his office of Budget if Congress should need it.

## *Message by UN Secretary-General on International Day of Disabled Persons*

UNITED NATIONS, New York (FSM INFORMATION SERVICE) - The following is the text of the message of Secretary-General Boutros-Ghali on the occasion of the International Day of Disabled Persons, 3 December 1996:

(text) "On this International Day of Disabled Persons, we are celebrating achievements in advancing the rights of persons with disabilities. Such achievements have contributed to the enrichment of the lives of individuals and of society at large.

"From its inception, the United Nations has been at the forefront of efforts to improve the lives of persons with disabilities throughout the world. The Organization's Charter affirms the principles of fundamental freedoms, the dignity and worth of human beings and the promotion of social progress and better standards of life. Beginning with the Universal Declaration of Human Rights, adopted by the General Assembly in 1948, a number of international human rights instruments have set out the principles and established the foundations on which persons with disabilities can exercise their civil, political, social and cultural rights on equal basis with other people.

"More recently, the Assembly adopted the 1982 World Program of

Action concerning Disabled Persons and, in 1993, the Standard Rules on the Equalization of Opportunities for Persons with Disabilities. These are expressions of the political and moral commitments made by the international community to the creation of just equitable societies.

"The 1995 World Summit for Social Development and other recent United Nations conferences on global development issues have emphasized the need for people-centered sustainable development, with the eradication of poverty as a cornerstone. The Copenhagen Declaration on Social Development points out that people with disabilities form one of the world's largest minorities, more than one person in 10, and are too often forced into poverty, unemployment and social isolation. In developing countries, as many as 80 percent of all disabled people live in isolated rural areas. Most of these individuals are the poorest in the community, with little or no access to health care or rehabilitation or support services. Even in developed countries, studies reveal higher proportions of disabled persons among the poorest strata of society.

"The United Nations has embarked  
(See MESSAGE, Page 4)

## *With Mr. Tobin FSM have accelerated Sports Program*

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - The FSM National Government during the past two years has accelerated its sports program as part of our commitment to the development of our youth population in the Nation. In doing so, the government hired Jim Tobin, an expatriate who is married to an FSM citizen, on contract in November of 1994 as its sports director to run the sports program, according to Dr. Eliuel Pretrick, Secretary, Department of Health Services.

Mr. Tobin's initial and primary responsibilities were to plan and organize the first FSM Games held in July of 1995. It was also the intent of the National Government and the FSM Amateur Sports Association that Tobin continue to develop and improve the sports program in the FSM and strive for FSM to become a member of the International Olympic Committee (IOC) before the year 2000. However, in order for the FSM to be eligible as a member of the IOC, we have to be an affiliate member of at least five international sports federations. Also the FSM must have an active sports program and must also be an active participant in regional and international sports programs, said Pretrick.

We all have seen how the first FSM Games turned out. For the FSM National Government it was a great success considering the fact that it was the first organized national sports program of such magnitude and the success of the game was principally attributed to Mr. Tobin's professional knowledge and expertise in sports organization as well as his dedication to the development of sports in the FSM. The planning and organization of the second FSM Games has already been started by the Organizing Committee from the host state and Mr. Tobin.

Since the completion of the first FSM Games, the sports program has taken a great and closer step toward our becoming a member of the IOC. The FSM, through the efforts and professional knowledge of our sports director, has hosted and coordinated the First Micronesian Basketball

Confederation Tournament which was held in the State of Kosrae last year. We have already established six sports federations in the FSM. These six sports federations have already become affiliated members of their corresponding international sports federations. The six sports federations include Baseball, Weightlifting, Basketball, Tennis, Track and Field, and Volleyball. We are now working toward becoming members of two other

international sports federations, namely, Table Tennis and Softball. As you can see, the FSM has already met the requirement of becoming a member of the IOC as far as our affiliation with international sports federation is concerned and we are starting to become members of still many more sports federations. All of these have been possible through the dedicated work and expertise of our Sports Director, Mr. Tobin, concluded Dr. Pretrick.

## *FSM National Government Budget Call*

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - In the 1998 Budget Call, December 2, 1996, to all departments, offices and agencies, Acting President Jacob Nena said that P.L. 6-70 requires the budget to be submitted to Congress by April First.

He informed the departments, offices and agencies that they should start the preparation of their budget submission for fiscal year 1998. In doing this, Nena asked that they take into consideration a number of critical factors and formulate the submissions in the manner indicated below:

### Budget Process Reform

As part of an overall package of reforms, the Cabinet has agreed that the introduction of improvements to the budget process be commenced. This is an initiative that is being pursued throughout the FSM. The steps to take should reflect the adoption of a performance based budget philosophy. This will be introduced progressively over the period of the 1998 budget cycle.

Discussions with all interested parties have indicated that there is universal support for a move to improve the present budget process. The initial steps in this improvement program affect the early stages of the budget process, including: more closely aligning budget requests with national priorities; involving Congress at an earlier stage; and producing a more meaningful budget document.

The concepts apply equally to requests for development as well as operational funds. All departments, offices, and agencies are being asked to prepare the normal budget supporting material, but to present a request that is in performance terms; how this is done is explained below.

### Alignment of Priorities

A reduction in the funds available and an understanding that what funds are available should be directed to other higher priorities has led to the need for tighter alignment of priorities and reduced spending.

The demands on funds and the desire to move toward a more dynamic economy mean a reduction of funds to agencies for any activities that are not high priority. Reductions have been initiated through initiatives such as downsizing, but efforts must be made for more specific use of funds, and continuing efficiency.

Efforts must also be focused on aligning the expenditures incurred, with newly formulated economic and social objectives. Changes to the budget process will help this.

### Indicative Fund Levels

Projected funding levels for FY-1998 will be similar to FY-1997 as the FSM will be in the second year of the Compact final step-down. Experience has taught [us] to be more conservative now since there is no certainty of what funding other  
(See BUDGET, Page 8)

## 4 *Concerns over transportation & disposal of hazardous materials*

APIA, Western Samoa (FSM INFORMATION SERVICE) - The current concerns shown regarding the transportation or disposal of hazardous material is not new to the Pacific and the capacity of the region to respond to a marine accident is extremely limited. The South Pacific Regional Environment Program (SPREP) has identified this as a priority area and will be working with countries and other regional organizations to build national capacity to protect the marine environment from ship-based waste. This work is expected to commence in 1997 with the assistance of the Commonwealth Secretariat and Canada, according to a release from SPREP.

In an interview with Samoa local radio station 2 AP, Mr. Gerald Miles, SPREP's Head of Environmental Management and Planning Division said, "It was nearly three years ago at the Global Conference on the Sustainable Development of Islands that the international community agreed that there is growing concern about the transboundary movement of toxic and hazardous waste, including the use of small island developing states, for the disposal of waste generated by other countries."

"The isolation of small island developing States and their dependence on marine and limited terrestrial resources make them highly vulnerable to contamination by toxic and hazardous wastes and chemicals, and radioactive materials. Response strategies and solutions to these events were one of the major issues covered in the recent SPREP workshop on *International Conventions Relating to Marine Pollution Activities for SPREP Member Countries and Territories*, held from 2 to 6 December 1996".

The passage of ships carrying toxic and hazardous wastes, chemicals and radioactive materials is of international concern and of

significant concern to small island developing States. In this region, there is a need to develop and enhance the emergency response capacities necessary to protect marine and coastal environments from accidents or incidents relating to marine transport. For now, SPREP

will continue to work closely with the Forum Secretariat as Forum Member Governments continue to determine an appropriate response to the current issue of shipments of radioactive materials through the region.

### *Message*

*(Continued from Page 2)*

upon "the second 50 years" to build a world where every citizen, regardless of disabilities, can make a difference in his or her own life, as well as in the life of the community of which he or she is an integral part.

"The Franklin Delano Roosevelt International Disability award, carried out by the Roosevelt Institute, is one initiative that has been undertaken in pursuit of this goal. President Kim Young Sam of the Republic of South Korea, the recipient of the inaugural \$50,000 award on behalf of his nation, arranged for an additional \$1.5 million in funding in order to endow annual

\$7,000 awards to 10 Koreans with disabilities. President Kim also pledged that his nation would strive to be model for other developing nations in its policies towards persons with disabilities.

"In our continuing effort to build a just society for all, and in our common endeavor to fight poverty, we recognize that society needs all persons with disabilities to be active participants. We cannot afford to lose what they can contribute to the general welfare. Let this Day be a celebration of accomplishments and an inspiration for further efforts by, and on behalf of persons with disabilities." (end of text)



*DONATION - Moylan's Insurance Underwriter (FSM) Inc., on December 10, 1996, donated \$10,000 to COMFSM Endowment Fund. From left to right Julie Suzuki, Senior Underwriter; Loren Peterson, General Manager, Pohnpei Branch/President FSM Moylan's Insurance Underwriter presenting the check; Susan Moses, President, COM-FSM, receiving the check, and Melner Isaac, Administrative Life Manager, Moylan's Underwriter Inc.*

# Voluntary Early Retirement Program being discussed in Palikir

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - The FSM National Government and State Governments Leaders met in Palikir in October 1996 to discuss the voluntary early retirement (VER) scheme, the proposed water and sewerage development loan, and the revenue sharing between the national government and the states governments.

The VER is a component of the restructuring of existing government structures to cope with the funding constraints resulting from the shortfall from the Compact funding step-down. All four states are supporting the VER scheme which will involve a total loan from the Asian Development Bank (ADB) of \$25 million of which \$10 million is for the FSM National Government employees and \$14 million for the States to be divided as follows: Chuuk, \$5 million; Pohnpei, \$4 million; Yap, \$3 million and Kosrae, \$2 million. Also an amount of \$500,000 is earmarked for training and outplacement of employees who opted to retire early and another \$500,000 to set up a loan guarantee funds.

The scheme will include the following provisions: each retiree will be paid a settlement up to twice his annual salary; early retirement scheme (ERS) will be offered to all but a few technical or professional specialists; at least initially, the scheme will be voluntary; each retiree will be provided with outplacement counseling; re-training programs will be available to retirees and retirees will not be eligible for re-employment by the government until after 2001, according to government documents.

The discussion on the Water and Sewerage loan proposal involves the amount of contributions by the FSM National Government and each of the four State Governments. The proposal calls for the FSM National Government share of \$1,350,000;

Chuuk, \$460,000; Kosrae, \$277,000; Pohnpei, \$264,000; and Yap, \$347,000.

Revenue sharing was discussed but no definite commitments were made. It boils down to the question of who should give the money to his constituents, FSM Congress or State Legislatures.

Vice President Jacob Nena in a September 18, 1996 letter to all Governors and State Legislature Speakers and the President of Chuuk State Legislature proposed a meeting to formulate a loan proposal for submission to Congress for approval which will enable the various States to implement the early retirement scheme which has been recommended by the Economic Management and Policy Advisory Team (EMPAT) as a way of reducing the costs of FSM and State governments.

Vice President Nena proposed that the meeting be held a week before Congress convenes on October 14, 1996.

Vice President Nena said that he was advised by the Asian Development Bank (ADB) Mission that the States are ready and wish to proceed with the scheme. However, since the FSM Government will be the borrower of record, the Congress must approve the loan.

Each state was requested to provide the following information: total amount of State loan; State authorization to undertake the loan; amount of State contribution; amount of National Government contribution; amount to be loaned from ADB; proposed loan repayment arrangement; Instrument committing and authorizing such repayment; and beginning of repayment period of the loan.

Although this scheme has potential for a substantial impact on a large number of FSM national and state government employees, specific details of the scheme have not been completely worked out.

Meanwhile, Yap Governor Vincent Figir and State Senator Santus Wichimai informed Vice President Nena that Yap State is ready to implement the voluntary early retirement (VER) portion of the restructuring scheme.

Nena on November 12, in a communication to Speaker Jack Fritz said that he is transmitting to Congress proposed legislation to establish an early retirement program for National Government employees. This early retirement program is a critical component of the economic reform efforts currently being undertaken throughout our nation. If enacted, this legislation will enable government workers to move into the private sector while at the same time, the National Government workforce is reduced. The intended result is to encourage the development and stimulation of the private sector economy by providing monetary compensation to qualifying employees of the National Government who "retire from" or terminate their employment.

The proposed legislation contemplates a loan from the Asian Development Bank to fund its implementation. If further contemplates repayment of the ADB loan by continued Congressional funding of abolished and vacated positions under the early retirement program. In addition, the bill adds a new chapter 5 to the FSM Public Service System Act, codified in Title 52 of the Federated States of Micronesia Code. The following discussion summarizes the bill's key provisions.

References are to the proposed new section number in Title 52 as follows:

**Section 502** - The purpose of the act is self-explanatory. The primary objective of this bill is to maximize our most valuable resource, our human resources in (See RETIREMENT, Page 10)

## *Nena declares emergency in the State of Yap and requests assistance from Clinton*

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - Acting President Jacob Nena on January 3, declared that a state of emergency exists in Yap State and on January 7, requested the President of the United States, William J. Clinton, to declare a major disaster for the FSM in the State of Yap caused by Typhoon Fern and that assistance be made available.

Typhoon Fern swept through the main islands of Yap on December 25-26, 1996, with high winds and accompanying waves of destructive force. Damage to homes, cooking houses and private properties is sidespread, and the exact extent is still being assessed. The agricultural sector has sustained damage from high winds and salt spray on the order of 85% to 95%—virtually a total loss. The loss of crops and food bearing trees such as coconuts, breadfruit trees, banana trees and papaya plants deprives people of their daily subsistence. Public property and facilities, like schools, medical facilities, roads and public utilities have

## **Government of New Zealand offers FSMIGGP for economic reform**

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - The New Zealand Government recently informed the Department of External Affairs about the recent establishment of an assistance program called "International Good Government" (IGGP), to which the FSM may access for economic reform projects and related activities.

As the name implies, IGGP's objective is to contribute to improving the quality of government, particularly through promotion and protection of civil and human rights. Ideally, proposals for funding should be in the range of NZ\$20-30,000, though larger activities will also be considered.

Nena said that he hopes for speedy approval by the Congress of this new program so that the FSM can benefit from this assistance by the New Zealand Government.

suffered severe damage, and electrical power has not been restored in many areas.

Nena stated, "The Governor of the State of Yap declared a state of emergency on December 27, 1996, and the State of Yap has taken measures to utilize the limited money available from its Disaster Relief Fund. I have, in turn, declared a state of emergency and have made the FSM National Disaster Relief Fund available for assistance. While we are working to our utmost to provide assistance to the extent of our ability, our resources are not sufficient to deal with a disaster of this magnitude."

Nena requested that President Clinton declares that a major disaster exists in Yap and to make available the Federal Supplementary Disaster Assistance as follows: individual and public assistance, to include the Individual and Family Grant Program, DOE Assistance, and the SBA Disaster Loan. In implementing the FEMA public assistance and the Individual and Family Grant Program, he certified that the Federated States of Micronesia and Yap will assume its 25 percent share of the costs of these programs. He further certified that, for this major disaster, the FSM and Yap will assume all applicable non-United States Federal Government share of costs as required by Public Law 93-288, as amended by Public Law 100-707.

Assessments of the types and amounts of assistance needed are still being performed and will be forwarded under separate cover.

"For your information," Nena said, "Mr. Chutomu Nimwes of the Disaster Control Office the FSM national official who designated to coordinate our current relief efforts, stands ready, willing and able to work with FEMA. At this time, we are requesting that Mr. Nimwes and his staff be allowed to accompany FEMA representatives through the islands as they make their preliminary assessments."

"Mr. President, most of the victims of Typhoon Fern are from low income families and desperately need more assistance than we have been able to provide. It is for this reason that I ask for expeditious processing of this request."

## **World AIDS Day declared in the FSM**

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - Acting President Jacob Nena on November 12, 1996, declared December 01, 1996 as WORLD AIDS DAY in the Federated States of Micronesia. Following is the whole text of the Presidential Proclamation:

(text) "WHEREAS, the global spread of the HIV infection and AIDS necessitates a worldwide effort to increase communication, education and action to stop the spread of HIV/AIDS; and,

"WHEREAS, the joint United Nations Program on HIV/AIDS (UNAIDS) observes December 1 of each year as WORLD AIDS DAY, a day to expand and strengthen the worldwide effort to stop the spread of HIV/AIDS; and

"WHEREAS, UNAIDS estimates that over 20 million people are currently living with HIV/AIDS, with more than 5 new infections occurring every minute; and,

"WHEREAS, the Federated States of Micronesia, Department of Health Services is encouraging a better understanding of the challenge of HIV/AIDS nationality as it recognizes that the number of people diagnosed with HIV and AIDS worldwide continues to increase with over 1.4 million AIDS cases reported (as of July 31, 1996); and,

"WHEREAS, World AIDS Day provides an opportunity to focus on HIV infection and AIDS, caring for people with HIV infection and AIDS, and learning about HIV/AIDS; and,

"WHEREAS, the UNAIDS' designated 1996 World AIDS Day theme "One World. One Hope." (a) urges the world to work together to overcome the challenges caused by HIV/AIDS, (b) recognizes that everyone can do something about the pandemic through prevention, education, and compassion and (c) emphasizes the hope of finding the means, to prevent and cure HIV/AIDS;

"THEREFORE, I, Jacob Nena, Acting President, do hereby declare 1 December 1996 as World AIDS Day and urge all citizens to take part in activities and observances designed to increase awareness and understanding of HIV/AIDS as a global challenge, to take part in HIV/AIDS prevention activities and programs and to join the global effort to prevent the further spread of HIV/AIDS.

# *Despite objections and condemnation Japanese utilities continue its transportation from European reprocessors*

TOKYO, Japan (FSM INFORMATION SERVICE) - Despite the objections and condemnations from around the world the Japanese utilities, in the form of Japan Nuclear Fuel Ltd. (JNFL.), intend to continue their transportation of spent fuel to, and reprocessed plutonium and high level waste from their European reprocessors. In the new year, probably in January, another shipment of fourth canisters of vitrified high level waste (VHLW) is expected to leave La Hague, France, bound for Rokkasho-mura in Aomori Prefecture, Japan for what is described as interim storage, according to Citizens' Nuclear Information Center in Japan. In the first half of the next fiscal year, another shipment of some one hundred canisters of VHLW is planned. Thereafter, JNFL plans regular shipments, twice a year, of one hundred and fifty canisters each. These dangerous cargoes could pass along a number of routes that would, in the event of an accident, expose the nations of Asia, the South Pacific or the Caribbean and Central America to high levels of radiation. Such an accident would severely damage their environment and livelihoods. If allowed to continue unchallenged, these shipments will become regular events with many shipments every year. CNIC urges all concerned parties to oppose and protest them in the strongest possible terms.

The dangerous transportation of nuclear material took a new turn on the 10th September, at a Board meeting of the International Atomic Energy Commission (IAEA). The Commission made some decisions with important ramifications for the health and safety of people across the whole planet. The Commission revised the guidelines governing the air transportation of nuclear

materials, allowing unacceptably low standards of safety (please see attached documents for further details).

The new guidelines cover the specifications of the casks designed for the air transportation of nuclear materials. Under these guidelines the deadly and toxic material plutonium would be transportable in casks less crash-worthy than the containers used for the "black box" flight recorders.

Resistance to the revisions is already mounting and includes the US Government and some aviation organizations like the International Civil Aviation Organization (ICAO). The USA has already said that it will not allow any cask to enter or cross America unless it meets the higher US standards.

The revisions of the guidelines exempt mixed oxide (MOX) fuel

from having to be transported in Type C casks, allowing it to be transported in what are called Type B casks. These casks are much weaker than even the Type C and were previously used for road, rail, sea or air transport. CNIC asked the Science and Technology Agency (STA) about its policy in light of the new guidelines. The STA said that under the Long Term Program for Nuclear Energy its policy was and is to transport plutonium by sea. CNIC intends to do all it can to ensure that, at the very least, this policy is stuck to. But, CNIC will continue to campaign for an end to the transportation of nuclear materials by any method.

CNIC would ask that you read the information contained in this package and let both the Japanese Government and the IAEA hear your opinion on these issues.

## *Nena updates state governors on status of Special Education funds*

PALIKIR, Pohnpei (FSM INFORMATION SERVICE)- Acting President Jacob Nena communicated with all FSM State Governors on December 12, 1996 to update them on the status of the Special Education funds.

"Our Department of Education," he said, "has been advised that the application forms will be sent from the US Department of Education to the FSM Secretary of Education directly. It is our hope that these documents will be completed before January 15, 1997, at which time we will have them forwarded to the appropriate officials in Washington for review and possible funding.

"As you may know, this funding cycle is different from previous years. The 7.2 million dollars set aside is for the entire outlying areas which include: Freely Associated

States, Guam, CNMI and American Samoa. Although these U.S. flag territories have received separate allocations, they may compete for the \$7.2 million, if they desire. Because this is a competitive grant, we do not know for sure how much the FSM will receive or for that matter, if the FSM's application will be successful. It is for this reason that I am asking you to urge your Department of Education to work closely with the National Department of Education toward the collection of pertinent data for the completion of our application," he said.

Nena said he hope the Governors can locate adequate funds from their local resources to continue their Special Education activities until FSM is assured of funding from USDOE or the FSM Congress.

## Budget

(Continued from Page 2)

than Compact, will be available in the next few years. In addition, Congress Resolution No. 9-86, passed during the October 1996 session mandates at least 20 percent reduction in employment within the next three years. Nena proposed that FY-1998 begin with 10 percent reduction.

The FSM Government and the states are committed to reduction in costs as well as better directing the use of funds. There will be an overall reduction in the amount of funds spent on operations, and where possible additional funds will be directed to development.

For this reason only outputs that can be justified through explicit reference to the policies developed during the summits and subsequent to it, will be considered for funding. It is expected that this will reduce the overall requirements for funding.

There has been considerable discussion and work done to try to formulate the best structure for FSM Government, taking into account the changing responsibility of agencies and the need to run as efficiently as possible.

The effect of the structuring proposals will be made known and, while the agreed outputs will remain valid, the agency responsible may be subject to change.

### Format of Budget Submission

The format of the budget submission will be required to reflect the priorities that have been set from the summit and post-summit considerations.

The main strategic thrusts of the Summit resolve around generating additional investment and invigorating the key productive sectors.

In similar work presently being done in the States, the following structure has been adopted. Each of these strategic areas have then been expanded to detail the main sectors, as shown:

#### **Increased Economic Activity:**

Marine, Agriculture, Tourism, and Commerce and Industry.

**Infrastructure & Essential Services:** Air, Water, Power, Sea, and Road.

**Human Resource Development:** Education and Health.

**Policy Development and Monitoring:** Economic, Financial, Social, and other.

Each FSM government agency will be required to identify the strategic areas contained in the Summit, in which it believes it has legitimate interest, and consider what are the particular results, described as outputs, that government can reasonably expect the agency to pursue or produce.

The term output is used to mean the specific description of a result that is consistent with the government's policy direction and of sufficient clarity that it portrays what it is that the government can physically expect to happen if the output is funded.

For example, if under a strategic heading of Increased Economic Activity, new investment guidelines are expected to be written, then the output is these particular guidelines, which would need to be completed in the period, etc.

This means scheduling what are believed to be the optimum outputs under each strategic area. Some of the specific results desired, or outputs, are detailed in the Summit document.

Where the required outputs are inferred in the Summit policy documents or have been identified in discussion with agency staff, these have been shown. If there is any uncertainty over the legitimacy of a proposed output then it must be discussed this with Office of Budget staff, as soon as practicable.

The cost of each output will then have to be determined and this will make up the budget request. Outputs will subsequently be associated with performance measures that will have to be developed.

Where activities cannot be directly associated with a specific output, it is not anticipated that these activities will be funded. If the formulated policy and strategic direction considered is in any way deficient and that this deficiency is constraining to the ability to propose a valid output then this should be discussed with Office of Budget in the first instance.



**OFFICE OF THE PRESIDENT CHRISTMAS PARTY** - Acting President Jacob Nena gave brief remarks during the office Christmas party held December 17, 1996 at the Sky Lite Hotel in Kolonia.



# News from the FSM Department of External Affairs

..... The FSM Government has communicated its consent to the appointment of Michel Jollivet as the French Ambassador-designate to the FSM, based in Suva. The Ambassador-designate will succeed Ambassador Antoine Frasseto who has taken leave of duty in anticipation of the closure of the French Embassy to the FSM in Honolulu.

..... The Federated States of Micronesia and the Republic of South Africa established formal diplomatic relations on December 12, 1996. Joint Communiqué in this regard was signed on behalf of the two countries by their Permanent Representatives to the United Nations, Ambassador Resio S. Moses for the FSM, and Ambassador Khiphusizi J. Jele for the Republic of South Africa. This is the first African country with which the FSM has entered into formal diplomatic relations, making a total of 46 countries in all.

..... The Acting President, the Honorable Jacob Nena, expressed profound sadness and sorrow on his behalf and that of the people of the Federated States of Micronesia, to the family of the late Juan Antalig Sablan, on his untimely passing on December 7, 1996. The late Juan A. Sablan was a dedicated Micronesian leader who profited an impressive and long political career including once being the Deputy High Commissioner of the former Trust Territory. The FSM Government was represented at the funeral by Secretary of External Affairs, the Honorable Asterio R. Takesy.

..... The Department received a thank-you note from the President of the People's Republic of China, His Excellency Jiang Zemin, expressing heartfelt thanks on his behalf and that of the Chinese people for the message of congratulations sent to him by the President of the Federated States of Micronesia, on the occasion of the forty-seventh anniversary of the founding of the People's Republic of China.

..... The Secretary of External Affairs, the Honorable Asterio R. Takesy, sent congratulatory message to Mr. Chong-ha Yoo, on his appointment as Minister of Foreign Affairs of the Republic of Korea. Secretary Takesy also affirmed FSM's commitment to further improve the relationship and partnership between the FSM and the Republic of Korea. Minister Yoo's reply expressed gratitude and assured Secretary Takesy of the same desire to further the existing strong relations between the two countries.

..... The Department requested assistance from the U.S. Government through its Embassy in Kolonia on the removal or detonation of World War II ordinance recently discovered on Falalop Island in Yap State.

..... The Capacity 21 Program Officer, Okean Ehmes, reported to Acting President Jacob Nena (as Chairman of the Sustainable Development Commission) three major activities undertaken successively in November 1996; such as, a Loan Officers' Workshop, the Yap Business Forum Meeting and a Kosrae Chip-In Conference. The meetings were aimed at sensitizing the business communities, the governments and the local people to the need to develop the environment in a sustainable way.

..... The FSM Embassy in Washington, D.C., participated in the Second Annual Foreign Embassy Trade and Cultural Exhibition, held at the Washington, D.C. Convention Center during the first week of December under the sponsorship of Dun and Bradstreet Information Services. The Exhibition is an annual event held in various cities in the U.S. with costs borne by the sponsor, to promote and develop investment, trade and tourism opportunities for participating countries' embassies. "Embassies Online", where potential investors could access information on the countries has also been established through this program.

..... The FSM Consulate General in Honolulu provided various consular services to FSM citizens residing or visiting Hawaii, on matters such as immigration school, medical referral, and employment. The Consulate General also attended various official functions in Hawaii.

..... The FSM Ambassador to Fiji, His Excellency Alik Alik, attended the Forum Officials Committee Meeting held in early December at the Forum Secretariat. The purpose of the meeting was to consider and approve the Secretariat's 1997 budget and work programs.

..... The FSM Embassy in Fiji coordinated various assistance from the Forum Secretariat relating to the provision and availability of consultancy services by mid-January 1997 in areas of important management, shipping and inventory management. The Secretariat is also poised to assist interested Forum member countries in preparing their Investment Policy Statement to be reported to the upcoming Economic

Ministers Meeting, as agreed during the 27th South Pacific Forum in Majuro.

..... The FSM Ambassador to Fiji chaired the SOPAC Sub-committee which was established by the SOPAC Governing Council with the mandate to review the overall performance of the organizational reform and redirection.

..... The Department has been informed by the USDOJ Inspector General regarding overdue single audit reports from the FSM states. Appropriate departments and agencies of the National Government have been asked to address the problem, which is likely to affect funding eligibility and credibility of the respective State Governments.

..... The Department assisted in requesting diplomatic clearance for an Australian RAAF flight entering FSM airspace for marine surveillance purposes. The Australian and New Zealand Governments have been providing surveillance assistance to the FSM over its Exclusive Economic Zone over the years.

..... Mr. Louis Harris, an FSM citizen, has been awarded the 1997 Monbusho Scholarship offered by the Government of Japan. Mr. Harris is the only recipient of the scholarship for a three-year program in Civil Engineering, expected to commence in April 1997 in Osaka, Japan.

..... The FSM Government has been invited by the U.N. Conference on Trade and Development to attend the Commission on Enterprise, Business Facilitation and Development, First Session, as an observer, scheduled to be held in Geneva from January 20-24, 1997.

..... The FSM Government and the Government of the People's Republic of China have reached agreement on a feasibility study mission to the FSM to establish a pilot farm project in Pohnpei. Funding for the project is through a grant from the Government of the People's Republic of China.

..... The Department of External Affairs is working through the FSM Permanent Mission to the United Nations on the FSM Government's effort and determination to place FSM citizens in the United Nations civil service to help and promote our country in the international community. So far, one qualified Federated States of Micronesia citizen, Stephen George, has been identified and is scheduled to take the mid-term year exam that one must pass in order to join the international civil service.

(Continued from Page 5)

both the private and public sectors in light of limited financial resources. The bill reflects a concerted effort by the National Government to improve the effectiveness of both the government and private sectors.

**Section 503** - This section defines key words and phrases used in the proposed legislation. You will note that this section contains a broad definition of "agency" in order to include the employees of FSM "agencies" in the early retirement program.

**Section 504** - The early retirement program will commence upon the President's (or his designee's) certification that funds are available. Each branch and agency of the National Government shall receive a copy of the certification.

**Section 505** - This section sets forth the eligibility criteria and benefits under the early retirement program. The heads of the three branches of the National Government as well as the chief executive officer of each Federated States of Micronesia agency, shall submit to the President a list of positions to be abolished within their respective organizations, excluding positions that are essential for the maintenance of essential public services. Each list shall reflect at least a 20 percent reduction in the organization's workforce.

From the foregoing lists, the President (or his designee) shall identify those positions in the National Government that are to be abolished, excluding those positions that are necessary for the maintenance of essential public services. The abolished positions shall be allocated proportionately among the three branches of government and agencies, reflecting an overall reduction of the total National Government workforce of 20 percent.

This section also allows for employees to opt into the early

retirement program even if their position is not slated to be abolished.

Employees who are ineligible for the early retirement program include: elected officials; probationary employees so classified under the Public Service System Act; prime contract employees; and those "temporary" employees who have been so classified for less than three years.

**Section 506** - This section provides for compensation to eligible employees. Compensation shall be for a two-year period, equivalent to two times the employee's annual base salary. However, those employees whose positions are not slated to be abolished and who voluntarily elect to participate in the program, will receive compensation equivalent to one year's annual base salary.

There are three payment methods available, all of which will involve adjustments prior to disbursement to reflect: advances of travel; and annual or sick leave; and any other adjustment that the employee may owe to the government, or which the government may owe to the employee.

The forms of payment include: a lump sum payment to be paid out upon retirement; an annuity payment to be administered by the Secretary of Finance, which payment commences upon retirement and terminates when the employee becomes eligible to receive Federated States of Micronesia Social Security benefits; and an annuity payment to be administered by the Secretary of Finance, which payment commences upon retirement and continues for no longer than three years.

**Section 507** - Employees who participate in the early retirement program are not eligible for re-employment by the FSM National Government until 2001. Excluded from ineligibility are business service contracts with otherwise ineligible retirees.

**Section 508** - The reductions-in-force provisions of the Public Service System Act will apply to employees who are eligible for compensation but who do not accept such compensation.

**Section 509** - In order to ensure that sufficient funds are available for the repayment of the ADB loan, funds for abolished and vacated positions shall continue to be funded for each fiscal year of the program. This section establishes the Retirement Repayment Fund, into which these funds are to be deposited. This fund will be separate from the General Fund and at all times, sufficient funds shall remain in the Fund to repay the ADB loan in full. If any funds remain in the Retirement Repayment Fund after the loan has been repaid in full, such funds shall revert to the General Fund.

**Section 510** - Consistent with the bill's overall recognition of the National Government's limited financial resources, is this section's provision that places a freeze on all public service system employees' annual salary step increases. Similarly, employees will be credited with compensatory time in lieu of receiving overtime pay for work performed outside or in excess of established work hours.

**Section 511** - The President (or his designee) is required to submit annual reports to Congress, which contains: a full accounting of the Retirement Repayment Fund and the status of the Asian Development Bank funds; and a status report on the early retirement program, including actual expenditures and estimated expenditures.

Nena strongly urge the Congress to support the objectives and means provided in the proposed legislation. "We must all work together toward economic reform," He added, concluding that the proposed early retirement program is a major step in that direction.

# *FSM National Fisheries Summit issues policy recommendations on FSM's fisheries*

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - The National Fisheries Summit of the Federated States of Micronesia (FSM), held December 9-13, 1996, in Pohnpei, issued policy recommendations on FSM's fisheries. The recommendations were disseminated and discussed with the public and interested groups and submitted to decision makers of the state and national governments. Approximately 50 participants attended the Summit, representing the national and state governments and private enterprises.

The Summit recommended a framework which would attract foreign fishing vessels in order to generate shoreside business; encourage local enterprises and job creation; provide revenues to both the national and the state governments; and to consolidate fisheries management and ensure protection of the resource and the environment. To accomplish these objectives, they underscored the importance of providing incentives to foreign fishing vessels by changing tax laws, labor and immigration requirements and other regulations; using long-term access arrangements to encourage FSM basing of foreign-owned vessels; improving the role of government in its support for private sector development; phasing out subsidies to fishing operations with the intent to privatize them; consolidating fisheries policies, management and enforcement into one national fisheries management authority; promoting value-added products and services; using at least 50 percent of access fees to finance, through loans and loan guarantees, private commercial fisheries development; promoting the training of FSM nationals not only vessel personnel but managers and other professionals who can contribute to the industry; actively participating in international environmental and fisheries management bodies; and integrating fisheries into the education curriculum and developing a public awareness

program to promote understanding of the resource and how the policies will benefit the nation.

The Summit recommended a plan and a timetable for carrying out discussions with pertinent agencies, governments, companies and groups throughout the nation to ensure widespread understanding and acceptance of the policies. The participants also outlined implementation steps for use once the policy and supporting laws are enacted.

"We sit in the midst of one of the richest fisheries in the world and we are close to the biggest markets," Sebastian Anefal, Secretary of the Department of Resources and Development, said. "I believe the policies recommended by the Summit will help FSM establish the right environment for attracting international fishing companies, supporting private sector development, conserving the resource, protecting the environment and furthering local development."

He added, "I am very appreciative of the support we received from the Asian Development Bank for the Summit and for the study which was prepared in advance. This study will be revised to reflect the conclusions of the Summit and submitted to the Congress as a back-up document."

"I am also grateful to the consultants who prepared the study, Ken Lucas, fisheries policy specialist and team leader; Simon Tiller, commercial fisheries management specialist and Judith Swan, legal expert; and to the Summit facilitators, James Kearns and Sandra Granzow.

"A very hearty thanks goes to the state, national government and private sector participants for their hard work and intelligent input. There was consensus among the diverse and important interests represented at the Summit and the conclusions are consistent with the framework established by the FSM Economic Summit [November, 1995, Pohnpei]. Given the broad participation, unanimity

and energy, I am confident that the nation and our political leaders will enthusiastically support the recommendations."

Steven Pollard, project economist, ADB, said, "I was deeply impressed by the commitment and thoughtfulness of the participants and their depth of knowledge. The results of the Summit are a strong indication that the nation is ready to move beyond discussions, get the policies in place and take action."

It is anticipated that ample time will be needed for deliberation and consideration of the recommended policies before they are adopted by the decision-making bodies. The Summit expressed the need to put in place fisheries policies soon to rationalize fisheries activities throughout the nation.

## **Pohnpei Tennis Club received \$800 worth of tennis equipment**

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - At the opening ceremony for the Pohnpei Thanksgiving Tennis Tournament, Kolonia Tennis Courts, November, 1996, the President of the Pohnpei Tennis Club, Dr. Bryan Isaac was presented with \$800 worth of youth tennis equipment from Richard Alex, President of the FSM Tennis Federation and Jim Tobin, FSM Sports Director.

Tobin wrote a grant to the International Tennis Federation requesting junior tennis equipment to implement a youth tennis program on Pohnpei and later the entire FSM.

Additional grants have been submitted to the International Tennis Federation to start youth tennis programs in Kosrae, Yap and Chuuk. The initial grant was given to the Pohnpei Tennis Club because of its active youth tennis program. The Pohnpei Thanksgiving Tennis Tournament, sponsored by Mobil Oil Micronesia, has divisions for junior boys and girls.

## 12 Japan grants FSMASA \$39,998 for educational sport equipments for youth

THE NATIONAL UNION, December 1996

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - Pohnpei, FSM — The Embassy of Japan announced on December 13, 1996 a grant of US\$39,998 for "Educational Sports Equipment for Youth" was given to the Federated States of Micronesia Amateur Sports Association.

A grant contract between the Embassy of Japan in the FSM and the FSM Amateur Sports Association for "Educational Sports Equipment for Youth" was formally signed at the Embassy last Friday by Mr. Kiyoshi Nishikawa, Charge d' Affaires, Embassy of Japan, and Dr. Eliuel K. Pretrick, President of the FSM Amateur Sports Association. The funds will be used to purchase sports equipment which will be dispersed among the four (4) FSM states of Pohnpei, Chuuk, Kosrae and Yap. The sports equipment will be used to implement and develop a national youth physical education, fitness and sports program in the elementary and high schools throughout the FSM. Mr. Jim Tobin, FSM National Government Sports Director, will be traveling to each of the FSM states to meet with local sports and education leaders to initiate the youth sports program.

At the contract signing ceremony, Mr. Nishikawa stated that the Embassy of Japan is proud to assist the FSM in improving the physical fitness of the youth. He also stated that this grassroots grant aid will contribute to the development of youth physical education in the FSM through this project. Dr. Pretrick, in

his remarks, thanked the Japanese Government for the sports equipment and commended their promotion of the development of youth sports in the FSM. According to Mr. Tobin, the sports equipment has been ordered and should arrive on Pohnpei in January.

The goal of the FSM Amateur Sports Association, according to Dr. Pretrick, is to become a member of the International Olympic

Committee and to participate in the year 2000 Olympic Games in Sydney Australia. The sports equipment grant, funded by the Embassy of Japan, meets one of the main objectives of the FSM Sports Association - to develop year round sports programs for the youth of the FSM. In closing, Dr. Pretrick praised the Embassy of Japan for the continued support of grassroots and development projects in the FSM.



*KOSRAE HIGH SCHOOL - In a group photo with FSM Acting President Jacob Nena are the basketball players from Kosrae High School who won most of the games they played during their visit to Pohnpei in the months of November and December 1996. Others in the photo are Attorney General Camillo Noket, Special Assistant to the President for Legislative Affairs Tony Otto, Special Assistant to the President Josaiah Waguk, and the two coaches for the Kosrae team.????*

### THE NATIONAL UNION

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