

PROPOSED AMENDMENT TO CONSTITUTION

To amend Article XII, Section 1(b) to provide that distribution of shares of foreign assistance from the foreign assistance fund will be made by agreement between the States and National Government instead of shared in equal portions by the all four States and National Government.

Article XII, Section 1(b) currently reads:

(b) Foreign financial assistance received by the national government shall be deposited in a Foreign Assistance Fund. Except where a particular distribution is required by the terms or special nature of the assistance, each state shall receive a share equal to the share of the national government and to the share of every other state.

Amend Article XII, Section 1(b) to read as follows:

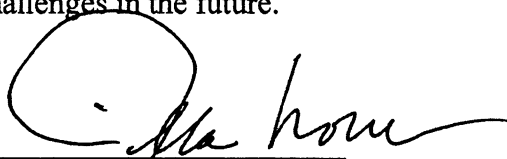
(b) Foreign financial assistance received by the national government shall be deposited in a Foreign Assistance Fund. Except where a particular distribution is required by the terms or special nature of the assistance, ~~each state shall receive a share equal to the share of the national government and to the share of every other state.~~ the National Government and states shall receive shares of the assistance as provided by agreement between the National Government and the States.

PURPOSE AND INTENT OF THE AMENDMENT:

Reasons for replacing equal shares of foreign assistance distribution with that agreed to by the States and National Government:

- Some States might have a greater need for foreign assistance aid due to natural disasters and other unforeseen developments.
- Many Micronesians feel that having 1/5 of the foreign assistance share go to the National Government is money that is not allocated appropriately.
- The FSM is generally decentralized, so there should be more power for the States to determine the distribution of assets – although the National Government ought to be involved to an extent.
- This amendment will provide for greater financial flexibility for the FSM States to react to challenges in the future.

Introducer:


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Date