

One Vision, One Community, One State

INTRODUCTIONS

* Salutations and Recognitions (Brief)

It is my distinct honor and privilege to welcome and recognize all our State Leadership, National Leadership, External Partners, Friends and the People of Pohnpei.

Welcome and thank you for joining us on this special occasion in celebration of our state of our great State of Pohnpei or what I would refer to as our “One Vision, One Community, and One State”.

One Vision

As I begin my brief remarks this morning, I am reminded of a well-known African proverb which states, “If you want to go fast you can go alone, but if you want to go far, then you must go in a group”.

This morning I am proud to report that we have led in a group. Lt. Governor Oliver and I from the inception of this administration have tried to build a courageous team of leaders to tackle and overcome the ever-mounting challenges we all face. The challenges that come in the form of funding decrements for our social sectors. Challenges that come in the form of slow job growths. Challenges that come in the form of environmental threats, outmigration etc.

Most of you will remember that three years ago, when this administration started we coined a vision statement that reads, “One Vision, One Community, and One State”. This is our way of saying we hope to create a ONE vibrant and prosperous Pohnpei.

We will not deny the fact that we had challenges along the way, even in working with this Legislature. In our view, these challenges only strengthened our cause to do more for our people. It only clears our way to do things differently to achieve greater results for our state.

Our collective aspiration as team is founded on the words of King Solomon, “Where there is no vision, the people perish.”

When we took office, it was very obvious from the start that we did not want to go fast as we may end up being alone, isolated, and perhaps disappointed. We wanted to build a stronger team that would analyze carefully what we needed to do better. A team that would assess and right our mistakes. An innovative team that will create and venture in new initiatives and changes to make things work. We wanted to build a team that can reach across separate branches of our government, across different sectors of our State to do what is right for our people. We wanted a team that would rise above our problems and create solutions.

Mr. Speaker, in the next few moments I will highlight what we were able to do against our collective vision of growth to make Pohnpei a Vibrant and Prosperous State.

Social Sectors

One Community

Department of Health and Social Services

Let me begin with the state of our social sectors. We need to be Healthy before we can be Prosperous. I am confident to say that our people have easy access to quality and competent level of care today than it has been in years past.

Accessibility of health/medical care (preventative, primary, secondary and tertiary) to approximately 45,000 citizens and residents living in Pohnpei is near universal because of availability of services provided by both the government/public and private sector. Pohnpei is fortunate to have 12 public health clinics/ dispensaries and 1 public hospital owned by the government and 4 medical clinics, 3 dental clinics, 1 hospital owned by private individuals and enterprises. The preventative and primary levels of care are available and accessible to 100% of the population, while all levels of care (preventative, primary, secondary and tertiary) are available and accessible to about 98% of citizens and residents living in Pohnpei. DOHSS is mandated by law to provide medical services and health programs through four major service divisions (medical, dental, primary healthcare and social services). Individual health status, in large part, is a personal responsibility.

In 2018, public health sector (medical, primary health and dental services) served a grand total of 40,644 cases/encounters exclusive of services provided at the private clinics and hospital facilities: 35,780 (88%) were served at the State Hospital, inclusive of 2,640 in-patient and about 150 off-island referred

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cases, while the remaining 4,866 cases (12%) were served at public health clinics and community dispensaries. With regards to levels of care, approximately 6,100 (15%) were secondary and/or tertiary cases and 34,564 (85%) were preventative and primary care cases, a ratio of about 1:8. In view of cost of service, approximately 70% of healthcare budget was spent on secondary and tertiary care or (15% of cases) and 30% of the budget was expended on preventative and primary care (85% of the cases). Financial resource information portrays an inequitable situation and it is very important and distinctive to note that, on average, nearly 80% of all secondary and tertiary care cases were non-communicable diseases of which the causes are entirely preventable. That being the case, the management is compelled to: 1) reinforce and enhance the preventative and primary healthcare services to strengthen disease prevention, 2) maximize capacity of the secondary and tertiary/hospital care services to reduce the need for hospitalization and off-island medical referral cases caused by non-communicable and preventable illnesses/diseases, and 3) continue improving its facilities and support assets and resources which is a matter of record.

For the prevention initiatives our effort to reach all children to complete their immunization, all women/mothers of child-bearing age to actively utilize public health and social services for women's health and protection and the general population to learn healthy living habits and practices are now available at grass-root level through our new program of dispensary strengthening program. It started in Madolenihmw and on one of the outer islands in early 2018 and now it continues with better means and support in Kitti and other outer islands. In addition to these services the new Division of Social Services are pursuing activities for youth, women and senior citizens and disability to help prevent them from problems of substance abuse, physical abuse/injury and promote healthy lifestyles through sports, counseling and social/community education. We are grateful to the Australian Government through the Australian Embassy in Pohnpei, FSM for continuously contributing support to our Social sector through Health and Education, and also by providing support to programs for gender equalities and opportunities. It is also important to note that they have provided scholarships, co-financed the strengthening of our education system, provided volunteers in our health sector, and through their Direct Aid Programs, they were able to support our private schools and our NGOs.

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To maximize capacity for secondary and tertiary care services to reduce the need for off-island medical referral and hospitalization, capacity building for both human resources and support resources are critical. DOHSS had harnessed the creativity of information technology and it is making an impact. First, a service agreement was established with a private CT-Scan service provider on island and secondly the hospital had installed and expanded its telemedicine networking and modules capability. For the CT-Scan services, definitive diagnosis can be confirmed on island, therefore, eliminating the need for further diagnosis of many cases normally referral off-island. Secondly, establishment of telemedicine, with the assistance of FSM Telecom and LEO Foundation, make clinical consultation possible in real-time and live with specialists and experts from medical institutions in US, Hawaii and Australia as a routine procedure, making off-island consultation and treatment an exception. In addition, a procedure called tele-pathology was launched in mid-2018 that eliminated a laboratory process of cancer screening and diagnosis, a process that normally costed a lot of money and could take up to 6 months in the past. Now it can be done within a matter of minutes at a negligible cost between Pohnpei and a cancer institution in Japan. Furthermore, a procedure for tele-audiology is up and running to do hearing test for the newborn babies and infants at PHC. The expert/doctor sits in her office in US, State of Wisconsin, and diagnoses, detects and prescribes treatment for any child in Pohnpei today who may have hearing problem as early as birth. As we speak, the necessary programs are being prepared to put radiology/x-ray service on line as well. I can say that 2018 is a boon for medical/health care service in harnessing means of improving service through information technology. The potential to expand to other specialties, i.e., ophthalmology, surgery, physiotherapy etc. is currently being pursued. On the management side, IT also made it possible for DOHSS to institutionalize an integrated electronic health record (EHR) system for data collection, information analysis and reporting on services, finance and accounting and resource utilization that are critical for performance measurement and management oversight of the hospital and all its clinics and dispensaries. The installation for the EHR infrastructure was completed for the hospital and a component for the dispensaries will soon be completed to network all the facilities on Pohnpei main-island.

With the addition of a new division of social services to DOHSS that include sports, youth, senior citizens, disability and gender programs, emphasis on

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health promotion and disease/injury prevention are integrated in these programs and services. Since this is the first full year of operation, there is no basis for comparison. It is, however, noteworthy that Sports activities in 2018 include Micro-Games in Yap which Pohnpei athletes did real well.

Environmental Protection Agency

Our Environment Protection Agency continues to protect our natural environment in order to ensure a viable and sustainable ecosystem today and for our future generations. Such efforts include: 1) to ensure all projects taking place on our islands for public infrastructure and economic development purposes are properly carried without adversely affecting our environment and its resources, 2) to ensure introduction of hazardous materials, diseases/illnesses and other undesirable contaminants are prevented. In 2018, over 1,300 incoming crafts and vessels were inspected. To ensure compliance with a hygiene and sanitary/cleanliness standard for households, public establishments and community premises which underpins the program of aluminum can recycling , monitoring food sources and establishments and water sources our citizens and visitors depend on for livelihood. In May 2018, EPA, in collaboration with relevant government offices, PUC and NGOs, developed and endorsed Pohnpei State Water Policy to protect and manage our water resources.

By operating our aluminum can recycling program, the Agency helped thousands of our people who participated in this ongoing community/environmental clean-up program by paying hundreds of thousands of dollars in 2018 to them.

EPA also works with many local and international agencies and embassies on projects such as planning for the protection of our islands from the impacts of climate change, proper disposal of our solid waste including waste oil, supporting the construction of dry litter pigpens that protect our rivers and shorelines from animal wastes while providing valuable compost material to support and promote home gardening programs for healthy and nutritious local produce important for healthy diet.

Department of Education

Education, being our biggest Department, continues to provide learning opportunities to 10,251 students in our schools from early childhood to

secondary education. Those responsible in ensuring that these deserving children are well-educated are approximately 500 teachers and teaching assistants, more than 40 principals and vice principals, and around 200 administrators and support staffs.

We believe that our children are better students today because of the hardworking men and women who continue to take their stand on the front lines of our classrooms with limited resources, difficult work environments, and perhaps less incentives to thrive in their work. Yet, each day we continue to see their commitment to educating our deserving children for life. During this reporting period, we are able to see a transformational state of our educational system mainly in the areas of system improvements, schools improvement, fiscal responsibility, student performance, professional growth, and better planning initiatives.

As required by the Educational Act of 1999, the Department of Educational created an “Educational Development Plan” or a “Restructuring Plan” which realigned all our schools under four distinct school districts to provide proper support and management of all our schools from our smallest school of eleven (11) students to our largest school of approximately 1,400 students all within the bounds of the law.

Through this creative mode and the hard working efforts of our teachers and staff, we have raised the standard of our schools to meet the ever-increasing accreditation standards which have become the basis by which our schools are funded. Although, this may not sit well with some, it has delivered the results we had anticipated.

Of the total forty (40) schools operating within our education system (both private and public), seven (7) of these schools have achieved the highest accreditation level of four (4). This means that they have achieved and maintained in their schools the six (6) standard requirements of our accreditation system. These include the schools of Sapwalap, Awak, Ohmine, Calvary Christian, Seinwar, Our Lady of Mercy, and Saladak. Not only are these schools showing positive results based on accreditation score sheets but they have also shown demonstrable leadership ability, a clean and safe learning environment, a committed professional staff, improved student performances and practical school improvement plans.

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Mr. Speaker, we have invited just a few of the students, teachers, and staff who are living testaments of the progress we have made in Education.

I want to note the impact of accreditation in our schools. We lost funding to our Pakein school last year. This year, thanks to Legislature and the Sokehs municipal government, the school is back on track with a new principal and three teachers. This school year, we are working on five (5) schools on turn around plans to lift them off level one (1). All these schools are operating with new leadership and staff and with new school improvement initiatives. It is worthy to note that aside from the level four (4) schools, sixteen (16) other schools are at level three (3) of our accreditation system. This means that they are among some of the best performing schools in Pohnpei and across the whole FSM. Overall, approximately 60% of our schools are among the highest performing schools in the whole FSM despite the fact that we are given approximately \$900 per student versus an average of \$1,600 per student FSM wide.

Of all the six hundred thirty-three (633) high school students who took the COMET, approximately 43% or two hundred seventy two (272) passed it at Degree-level. This is an increase of 8% from previous years. Of all those who tested, 90% are admitted as college freshmen, an increase of about 4% from previous years. We have seen a tremendous improvement on our student performances compared to the entire FSM. With the exception of one, all our high schools (public and private) ranked among the top ten high schools in the nation. I want us to recognize the few Seniors who are now enrolled at our very own college and some of our Juniors (who are now seniors) who have made us proud.

Although we still have weaknesses on our very own National Standardize Test, we are seeing a higher level of academic improvement by the time our students exit primary education. Of all our primary schools 29 schools or 93% of all our eight graders who took the NEW high school entrance test passed and are enrolled in our high schools and are doing well. Despite all these successes, we are still realizing an alarming percentage of early high school drop outs mostly due to reasons beyond our control.

In terms of staff performance, 98.9% of all our teachers have earned college degrees with the exception of only 5 teachers or less than 2% who have not earned one. More than 80% of our schools are reporting on improved teacher attendance, a huge improvement from the non-contract years of employment.

In fact, during this school year, there are schools reporting that none of their teachers have missed a single day of school.

Mr. Speaker and my fellow leaders, we still have challenges within our Educational system as every system will always have. But we have been busy doing the best we can with the little that we have to rise above our challenges. We are working hard not only to provide an education to our students but to prepare them for life. We want them not only to pass and enroll at COM-

FSM but to go beyond our borders and to even try to get into Yale or Harvard. Our dream and resolve is big and wide but often times we do not see the support that we deserve to do not only a better job but a greater job for our students. I humbly appeal to you and the members of this august body, to our courageous leadership at the State, parents, and all our community folks to do more for our deserving children.

In the years to come, we hope keep increasing the performance of our schools and students. We hope to be able to attract more funding to supplement our core services. We hope to keep building the professional capacity of our personnel through proper training. And should funding become scarce, we might come to you to ask that we outsource some of supplemental services such as transportation and food services. We may have to consolidate some of our schools to meet these financial challenges without compromising student performance. If there is anything we could ask of this august body, we humbly ask that you reconsider the “Education Development Plan” that we just recently submitted.

Public Sectors

Department of Public Safety

The main responsibilities of the Department of Public Safety are; 1) to establish and faithfully execute comprehensive plans for continual improvement in the protection of the safety and security of persons and property; and, 2) to create an agency responsible for maintaining peace and order in times of crisis and natural disaster.

In order to effectively carry its responsibilities, the three department’s service divisions (police and security (DPS), correction and rehabilitation (DCR), fish and wildlife (DFW) and fire and emergency (DFE) with distinct responsibilities collectively enforcing State laws to deter crime, ensure peace and order and

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traffic, protect person, property, endangered natural resources and environment, punish and rehabilitate law violators and oversee and assist in times of emergency and disaster.

For DPS, positive progress was shown in crime deterrence and traffic violation in 2018 compared to 2107; crime rate and traffic decreased 6% and 24% respectively. It is significant to note that 19 domestic violence crime cases were reported and 9 of them were prosecuted in court inclusive of 959 cases referred and processed at court, an increase of 11% of cases processed at our state court.

Mr. Speaker one observable fact everyone notices everyday is **Traffic**. 2018 data showed a 12% increase in the number of vehicles registered compared to 2017. It may be an indication of an economic strength but let us not lose sight on a bigger issue of environmental and community contamination and higher traffic risk this situation/reality is creating.

For DCR incarceration of criminal convictions increased 7% compared to the previous year. Currently, there are 40 inmates. As for arrests in 2018 1839 were arrested compared to 1760 in 2017, an increase of 4%.

The DFW is enforcing compliance to laws and regulations/ordinances that are protecting our environment and preserving and conserving the natural resources we have. The officers protected water shed areas in land and oversee 16 Marine Protected Areas, (11 in Pohnpei proper and 5 in Pakin atoll) from squatters and illegal poachers that are decimating these important areas. The water shed sustains the natural environment of Pohnpei's flora and MPAs are important marine environment protection programs to conserve and preserve endangered fish species, i.e. groupers, and marine resources that support local subsistence and in season as economic resources.

The division works in collaboration and support with the FSM Ridge to Reef Project. That project donated needed equipment (2 40 hp outboard motors) for patrol purposes.

Lastly, it gives profound satisfaction to report that the new Division of Fire & Emergency Services established under the new government reorganization Act of 2017 is doing great service to our people in handling all emergencies including responding to fire, accidents, medical emergencies, natural and man-made disasters and search and rescue missions needed both inland and at sea.

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In addition to responding to distress situation, the division is also responsible for public education on fire evacuation drills and exercises especially at public establishments such as schools, hospitals etc.

One of the most significant developments for the division, the department and for Pohnpei State is the establishment of a 911 Emergency system in October 2018. The new staff, (13 firefighters and 6 ambulance drivers, formerly of DOHSS) were recruited/transferred and underwent relevant training and certified in firefighting, emergency medical response, rescue diving, hazardous material and incident command system operation. Mr. Speaker I am proud to recognize today that this division is serving public in ways words of are not enough to appreciate and applaud the deeds: On Jan 20, 2019 two of the fire fighters who were in pursuit toward the hospital emergency room with an unconscious and dying victim revived and saved his life in the way. On November 26, 2018, a victim was revived and stabilized by firefighter Joseph Ainstain at the market place when responded to a distress call. A similar incident happened in January 20, 2019, and was taken care of by firefighters Wesley Ferdinand and Louis Waltu.

Responding to disasters, fires, emergency calls and search and rescues have increased 78%. Reported calls requiring search and rescue decreased by 50%. Emergency response capability and mishap incidents maybe associated with better trained and well equipped workforce and better public awareness of safety practices. A 19 crew division manning a 24/7 schedule is very difficult to manage and maintain as is. The demand for response activities is expected to increase, therefore, an increase in manpower is required to match that demand going forward.

I take great pleasure in recognizing organizations and governments that help make the work of this division possible. The assistance and life-saving activities were possible because of generous support from outside organizations and governments. I want to thank Vital Group and government of Guam for donating firefighting and rescue equipment and accessories and Govt. of Japan through the Japan Embassy to the FSM, an all-terrain (4x4) ambulance worth nearly \$70,000.00 dollars.

Department of Land and Natural Resources

Land is the most important and valuable asset and real property anywhere and Pohnpei is no exception. Where land is scarce and privately owned in large

part, like in Pohnpei, the value is subjective. For us Pohnpeians, land is life, livelihood, culture, identity and in this age the economy. While it is a general policy direction to achieve sustainable economic growth via tourism, agriculture and fisheries it is imperative that development of these economic sectors must be done in accordance with proper and strategic management of land to ensure economic development and preservation and conservation of natural resources coexist in tandem.

As time changes, new needs and challenges emerge. The need to grow our economy in anticipation to elimination of US Compact funding assistance to Pohnpei, the desire of FSM citizens for self-reliance, increase globalization and economic activities interdependence and the inevitable trend of embracing modern lifestyle by the younger generations, it is incumbent upon this generation to be creative and perceptive in managing our most valuable resource, our land, to foster proper economic development activities and safeguard the natural beauty of our God-given land going forward

While the specific activities of the department involved oversight of land ownership and use and preservation of historic sites and assets, its responsibility to properly divide and manage use of our limited land resources to support our economic growth going forward needs insightful planning, judicious oversight and prudent management.

Office of Attorney General

The Office of Attorney General established the White Collar Crime Investigation Unit whose primary objective is to seek private sector and public sector compliance with State laws and rules and regulations. The unit is tasked to review allegations from contractors of bid rigging in public contracts; to enforce labor law compliance by private businesses; to enhance collection of revenue by enforcing our tax laws; to initiate collection actions on commercial leases, housing loans and other obligations owed to the State of Pohnpei; and to conduct undercover operations on human trafficking. The results of this work are already evident based on the fact that cases are being processed and soon we will be seeing more positive results.

We are in the process of reviewing and revising rules and regulations of each Department and office.

All cases referred by the Public Auditor to the Office of Attorney General have been reviewed and action taken in criminal court, civil court, or a declination letter has been sent to Public Auditor.

Attorneys, trial counselors, and prosecutors have increased case production. Cases where legal exposure and state liability is clear have been settled. We

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have also settled the Luen Thai case and other long pending matters. The Attorney General's Office is moving forward with the major corporate tax revenue sharing case filed against the National Government in the FSM Supreme Court. Other major pending cases involve the Misko beach case and the sea cucumber harvesting cases.

We have also filed civil complaints in court to remove trespassers at the public market area, government housing at PICS area and within Kolonia Town. With the assistance of the Department of Land, we are completing as built surveys of all government retention areas including PICS and the state hospital. On-going negotiations are being conducted with the occupants of the government housing units and some occupants have voluntarily agreed to move out of government owned houses. It is our plan to start renovation of these government units as soon as units become vacant and contracts can be awarded.

With the assistance of the Public Auditor, Audit findings resulted in pending criminal actions against one contractor and two former T&I employees. AG office and the Public Auditor have identified areas where the Office of Transportation and Infrastructure needs to reform and comply with laws and regulations.

The Public Auditor has agreed to conduct a performance and compliance audit of the Department of Land and the Board of Trustees of the Pohnpei Public Lands Trust and to make recommendations regarding its statutory duties and responsibilities.

Office of Public Affairs

Public Affairs Office provides public relations and public information services for the Governor's Office. It also provides other support services as necessary in liaising with other branches of the government (Legislative and Judiciary Branches), other levels of governments (Municipal, National governments and other State governments), foreign governments and embassies/entities and other local (Mwoalen Wahu, LCE) and outside agencies and organizations that have relevant interest and affairs with Pohnpei State Government.

The office attended over 100 meetings and activities on behalf of the Governor and Pohnpei State Government. It is responsible for periodic or weekly public information program "Kairoihr Ehute" that keeps the public informed of developments and news worthy activities of the governments

In liaising with the legislative branch, PA reported for the year the following: 26 executive measures were sent to the 9th PSL for appropriate action, 38 bills were signed into law, 2 bills were vetoed, 2 bills were re-passed.

Pohnpei Public Broadcasting Corporation

The public broadcasting corporation is a governmentowned media organization that keeps the public informed of important government news and information for public consumption. In 2018 with the assistance of US AID, USDA and FSM Congress, PPBC expanded its audience coverage worldwide through Facebook audio and video live feeds.

Under new management leadership, the Corporation is poised to improve its operations by acquiring necessary equipment and other assets, alternative power supply, improve and renovate its facilities and train its staff in order to effectively provide its mandated services for the people of Pohnpei. Now with its ability to reach worldwide audience through Face book social media, Pohnpeians everywhere are now able to keep current with the events, developments and affairs of our state.

Office of Election Commission

The Election Commission records a total of 32,602 voters in its Generic Voter Registration System. They were able to add 145 new voters during this reporting period.

It is aggressively doing Public Election Awareness through billboards, Facebook, and radio programs to ensure people fully understand the importance of Election because of individual constitutional right as a person and civic duty as a citizen in selecting leadership of our government. Understanding that right and duty will encourage more people to register to vote.

A proposed bill to amend various parts of the Election Law has been submitted for consideration by PSL with the intent to make election accessible, inclusive and participatory. Electronic voting is being considered to bolster voting accessibility for Pohnpeians worldwide, however, security and feasibility of an electronic system must be ascertained first.

Department of Treasury and Administration

Our audit of 2016 showed that we incurred a deficit of \$512,000.00 and our audit of 2017 showed a surplus of 4 million, a great improvement, which places our finance office in third place by Crawford and Associates, a firm retained by OIA, which evaluates the financial statement of each finance office in the US insular areas and the finance offices in the FAS governments for the purpose interpreting their performances. But this accomplishment is not nearly enough

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to provide the necessary funds to offset the impact of the funding shortfall after 2023. We need to do more by expanding our tax base.

Our share of CFC is about 41% and is valued at 15 to 16 million in assets and cash. Our dividend from CFC for fiscal year 2018 is only \$250,000 due to acquisition of a 900 metric ton fishing boat in the amount of \$4.2 million. The purchase of this fishing boat will have a positive impact on the increase of catch which will translate into more dividends. FSM Seafood Company, which CFC is a part owner, according to the latest information, has set a tentative schedule for a ground breaking ceremony in June of this year. When in full operation, this company can employ 800 to 900 people. Another source of employment opportunity for the people of Pohnpei is the proposed 200 hotel rooms, which is now pending in the legislature. This hotel, if materialized, could employ up to 400 to 500 people. With these two projects, our tax base could be increased to a point that could provide the tax revenues needed. Expected improvement in the tourism's sites will also play a big role in the improvement of our tax base. Tax bills currently pending in the legislature, if passed, could generate additional revenues of 2 to 3 million annually.

I would be remised not to give recognition to the recycling project. In fiscal years 2017 and 2018, a total of \$942,684 was paid into the fund and \$700,545 was disbursed, an excellent source of cash to the people and the economy.

Mr. Speaker and the honorable members of this august body, for Pohnpei to meet these challenges after 2023, the assistance of the national government is critically needed, if we are to survive the impact of the funding shortfall after 2023.

Office of Budget Office

Our only budget office which oversees our budget system in collaboration with all our departments, agencies, and programs continues to coordinate and inform the Executive Branch on all budget matters.

Their work mainly involves planning, preparations, advising, and accounting for all government funds. The budget office has now access to the sam.gov and grants.gov websites where we can request for additional federal grants from the US government.

The Budget Office also works closely with the ODA Office at the FSMNG to tap into the other grants available from overseas.

Office of Fisheries and Aquaculture

OFA has an important responsibility of assessing and monitoring fish stocks and other marine resource that support subsistence livelihood and our marine and fisheries economic sector. During 2018 fish stock survey and assessment showed that our reef fish stock was declining due to over-harvesting. A comprehensive evaluation is needed among all offices and agencies involved with harvesting and conservation activities to ascertain the sustainability of our reef fish stock.

OFA is also engaged in promoting marine farming of sea weeds and sea cucumber. Both of these resources are highly marketable commodities in Asian countries. The economic viability of farming these two marine products is very promising and it is important at this stage for the government continue to support and collaborate with marine research institutions/programs and private partners to invest and promote in Pohnpei and on all outer islands. There are other potential opportunities that can be explored, such as pearl and other marine products that can be developed for commercial purposes.

As of date, 300,000 larva sea cucumber have been reseeded in Sapwuaifik and in Pohnpei main island. If this program is properly managed the outcome will be successful and the economic impact will be significant. OFA collected \$147,056 from its service fees and other commercial activities.

Infrastructure Sector

Office of Transportation and Infrastructure

Pohnpei State has been progressing well with our infrastructure projects. In 2018, we approved a total of twelve 12 major projects. These projects include schools, dispensaries, water projects, and other public facilities. Of these projects, four (4) are under design and should ready for construction soon. Within the next year and half we will be seeing more schools, health facilities, and other projects on the ground. Currently, we have the water extension project to Diadi, Kitti underway. As you may be aware, we had so many complications dealing with our Infrastructure issues. I just want to say that our Project Management Office is fully functional with all the necessary staff to fully engage in implementing our projects. As we start seeing projects on the ground, they might need additional inspectors and engineers to ensure that our projects are not compromised and delayed. We are considering ways and options to expedite the projects. One of the options we are considering is the idea of lumping some of these projects in one. For instance, our schools may be able to lump together as they will have the same technical concept and designs. By doing this we could attract much larger and qualified companies to complete these in time.

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We have been implementing IMF projects from 2015 and 2016. Last year, we awarded a total of sixteen (16) projects to our local contractors. These ranged from \$30,000 to close to \$100,000 which amounted to close to two (2) million dollars' worth. All in all, we were able to complete a total of fifty-six (56) projects from IMF, Japan Government, People's Republic of China, Congressional Projects, and our very own local projects. I would like to repeat that our Project Management Office is fully functional with a new manager and they are aggressively working with the different offices both internally and externally to see more projects on the ground.

In the next 4-5 years prior to the year 2023, our aim is to reprioritize all our IDP projects to include other priority needs such as our main road, ports, public safety and other government facilities. We will be working to get seventy percent (70%) of all our priority IDP projects complete.

Pohnpei Transportation Authority

PTA completed 30 CFMS projects worth \$1.6 million and 10 State projects valued at \$819,000, an average of about \$60,000.00 per project. PTA services is very important to our growth sector. Our road system is in dire need of real repair. The routine patch work has proven to be costly and at best unreliable. We need a robust road maintenance program and reliable drainage systems, given the local weather condition, to ensure our roads are in good condition. The Japan Government has been very generous in donating approximately \$900,000 worth of equipment to the Authority in the form of Dump Trucks, Fuel Trucks, Steel Roller, and an Asphalt Finisher.

In 2018 PTA Board of Directors was organized. It is expected that the Board will develop a comprehensive plan for programs, projects and the future of PTA. The management knows the mandate of the agency and best programs and needed projects to maintain our road system.

It is incumbent upon the Board to determine the best course of action for PTA first on its organizational structure and legal status and second on PTA plans on projects and other programs such as road maintenance and others.

The management supports PTA to become a quasi-government entity that is administratively and financially independent in order to effectively delivery its mandated responsibilities in the service of the need of the government and the People of Pohnpei State.

Pohnpei Port Authority

PPA is one of Pohnpei's most important assets as the critical infrastructure for trade, commerce and transportation. Pohnpei's commerce and economy

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depends heavily, if not entirely, on a well-organized and effectively managed port authority. PPA moves Pohnpei.

Transportation security and safety by both air and sea are important responsibilities of the agency. I am pleased to report that in 2018 PPA, with the approval of FSM TC&I, assumed oversight of airport security screening for Air Niugini and Air Nauru. The staff were properly trained and certified by US TSA on quality control and proper screening methods, skills and protocol as required by US Homeland Security guidelines.

The agency also installed reef markers and navigational lights around Pohnpei and along the most used channels to aid in movement of boats during night time and in case of emergencies.

In addition, topography survey for the Transportation Zone was done to guide Sewer and Drainage development plan and other future development plans for the zone. A hydrographic survey of Pohnpei Harbor by US Navy was also carried out to update US Navy marine chart 81453 from LIDAR survey of 2006. This update was critical for the safety of vessels entering Pohnpei Harbor.

PPA was able to collect and remit total of \$427,717.34, 30% of mooring fees in Fiscal Year 2018 to Pohnpei State Government under the Fisheries Enforcement and Development Fund.

Pohnpei Utilities Corporation

PUC is dedicated to provide efficient, reliable, accessible and cost effective utility services to improve and sustain the Quality of Life in Pohnpei” Our public utilities play a major role in our development going forward. It is a given that without the proper public utility infrastructure and operation, good plans for growth, development and improvement mean very little.

At the moment although we are experiencing power rationing due to refurbishment and repair work on our old generators, we know that these repair works are not permanent fix. Nonetheless, we are thankful to JEMCO/OIA for helping us with the repair funds, \$1.3 million. I know that PUC is not sitting back counting the days when everything will collapse. They are being proactive by reaching out to New Zealand to provide additional sources of energy at the cost of \$1.2 million dollars. They have also acquired 3 Mega Watt of Solar energy and one Mega Watt of storage battery.

I am also happy to report that PUC has begun to fix all these problems by Improving Electricity Supply and Reliability in Pohnpei. This plan is possible with the proposal to build a Permanent Power Plant of a 7.5 Mega Watt capacity with a projected grant assistance of \$11.8 million from World Bank.

This is exciting news of which I am in full support. I am asking, Mr. Speaker, that we all join together to support this because, as the name implies, this will **permanently** improve our only public power supply when it is in operation.

PUC consistently follows the strategic objectives of the PUC Strategic Development Plan and recommendations from Donor Countries and Financial Institutions in the priority order identified. “By the end of fiscal year 2022, the utility services (Power, Water & Sewer) strives to achieve at a minimum 70% of its projected objectives” in addition to the recommendation for organization restructuring based on community needs and developmental dynamics that rely on utility support.

In sustaining the momentum forward, PUC will need the support of grassroots or common people awareness and understanding, as well as the financial technical support from all levels of government.

Growth Sector

Pohnpei State Housing Authority

Our very own Housing Authority continues to approve low interest loans to enable all qualified borrowers to build decent, safe and sanitary housings for them. The housing program has set a new goal to approved fifty (50) new loans with an aggregate amount of \$500,000.00. They also expect to collect \$1,000,000.00 of the outstanding delinquent loans.

As result of the reprioritized initiatives, our housing program awarded forty (48) new loans with an aggregate amount of \$837,690.58, a total of \$337,690 beyond their set goal. It was able to collect \$697,385.32 from its delinquent loans of \$4.5 million.

Overall, Pohnpei Housing Authority is making great improvement strides in its lending and collection programs in order to reach many people but most importantly to become self-reliant in the very near future.

Department of Resource and Development

Agriculture continues to be at the fore front of the Department of Resource and Development. We are excited to report that our Pilot Farm at Pohnlangas continue to provide assistance to our citizens in the form of hands-on training to students and farmers. They have also assisted in bio-gas systems, pig pens, setting up green houses in Madolenihmw and Nett. We are also looking at the possibility of setting up other demonstration farms in other areas around Pohnpei to continue to provide support and assistance to our farmers. Our Department continues to work with COM-FSM Land grant in many technical

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areas to boost the capacity of our local farmers. We want to report that the \$50,000 we provide has been producing great results and we would like to ask that we keep this as a commitment to our farmers.

Our world food and farmer's day has become a successful tradition for our farmers. Last year, 136 farmers participated in the festivities and were rewarded with cash and other consolidated prizes. Every Friday, our farmers are able to showcase their produce to the public and it is turning out to be a hit.

There are significant improvements to our tourism industry, mainly on our tourist sites. A total of \$1.1 million in improvement projects have been awarded and some have already been completed. Lududuhniap Waterfall is already done and we are working to complete our Kepirohi project. Sokehs ridge has been awarded would commence improvement work soon. We want to report that the Japan Government has donated \$181,000 to create a Nan Madol visitor's center.

The work of our Resource and Development is focused on sustainable development. We are promoting and implementing projects that will not harm our natural resources. We are working with our environmental stewards to ensure that our Marine Protected Areas are managed according to plans. We continue to do environmental impact assessments to protect our resources and to prevent over-harvesting of our limited resources.

We are working to ensure that our newly created Department of Resource and Development is fully functional to deliver on its mandate. As of date, the Division of Commerce and Industry have not realized a budget. We hope to complete this process before the end of the fiscal year. We ask that you allow us time to put in place all that is required to get this Department fully operational.

Since Small Business Guarantee and Finance Corporation continues to receive supplemental funding, we are glad to report that this last year they funded 114 projects mostly in the areas of general retail business, tailoring, fishing, and agriculture, taxi service, and laundromat. All these projects amount to approximately \$1.2 million worth of loans.

Pacific Islands Development Bank

Pacific Island Development Bank (PIDB) continues to keep up with and update its strategic goals and plans to disburse loans based on the mandated guidelines from Pohnpei State especially in priority development sectors of tourism, agriculture and fisheries. It intends to expand and increase the numbers and amounts of loans given to Pohnpeians in Pohnpei and Guam based on Pohnpei's equity contributions.

Pohnpei State Government is a part owner/member of the Pacific Islands Development Bank whose mission is to contribute to the economic and social development of its members. The balance of loans given to Pohnpeians as of December amounted to \$1.1 million of which \$75,104 are for the Pohnpeians residing in Guam. The estimated number of jobs created due to these loans to businesses in Pohnpei is around 68 jobs.

Foreign Investment

Foreign investment is important to the economic and social development program in Pohnpei. Several amendments took place recently, to improve and update the foreign investment law and simplify the investment review and processing exercise in Pohnpei, as part of the development strategy for Pohnpei State. However, as important as foreign investment is to our development, it is important, nonetheless, that we do our utmost to sustain those existing local businesses that have always been there for us over the years making sure that the basic demands and requirements in the market are met for the benefit of the ordinary people in Pohnpei.

Around 100 foreign investment businesses are operational in Pohnpei today and are generally responsible for over 500 local workers and more than US\$2million in local salaries every year, not to mention other millions of dollars in revenues the government collects yearly from gross receipt tax, import tax, sales tax and social security and income tax payments, among others.

One State

In conclusion, Mr. Speaker, I have highlighted important progress and developments as well as critical issues and challenges that represent the state of our State which include improvements and development of our public sector services of health, education and justice, public infrastructure sector such as public utility, port facilities and other capital infrastructure improvement aspirations, and challenges and issues we are grappling with our financial sector such as investments, trust funds and other means through strategic development planning (SDP) to guide our economic development initiatives that are appropriate, sustainable and viable going forward.

It is worth repeating the maxim I prefaced at the outset that says, “If you want to go fast you can go alone, but if you want to go far, then you must go in a group.”

Genuine collaboration, cooperation and synergy of all employees, citizens, sectors, departments, offices and all branches of the government, (to wit,

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working together), is the foundation upon which our success politically, socially and economically can be assured and sustained for us today as well as for our children and all of our future generations.

While we value and aspire for good governance, economic stability and social prosperity, I want to underscore importance of keeping values that are inherent and sacred for us as Pohnpeians that make us unique. By nature our culture esteems values and virtues of deference, reverence and respect (Wahu) without which living, working and growing together in peace and harmony as a People will not be possible.

Remaining intent and steadfast in our quest forward, let us remain vigilant as well in our duty as we forecast and develop our future strategic plans. It is important for us to remain engaged in productive relationships with our sister states, our regional partners and our donor countries but it is of utmost important that we critically evaluate Pohnpei's stake, interest, potential and worth under current political status we have as a state in this republic, FSM.

To the esteemed traditional leadership (Kahlapoko, Isohko) of Pohnpei and your people, I take great pleasure on behalf of all of your public servants to offer our collective gratitude for the support and blessing you bestow upon our duties and services as servants of your People residing and subsisting "upon this sacred alter" Pohnpei, from the inception of this administration. I am most grateful and thankful for I am able to deliver my last state of the state report for this administration.

I also want to thank the President and FSM Government, the Pohnpei Delegation members to FSM Congress, Ambassadors especially resident ambassadors of USA, Japan, China and Australia, New Zealand, Israel, the traditional nobles, religious organizations, non-governmental organization, intergovernmental partners, chamber of commerce/ business community/private sector, women organization, youth organization and others for their support.

And to you, Mr. Speaker and the honorable members of 9th PSL, my gratitude transcends appreciation of the highest order for the support and cooperation you accorded me and my administration for the past 3 years to date and may I also ask for similar deportment for the remaining of our term.

Likewise, I want to thank Lt. Governor, all cabinet members and all employees of Pohnpei State Government for your commitment, support and cooperation in serving our State.

To my dad, my mom, my wife, my children, and my family, I will be remiss if I do not extend my appreciation to you all for you are the fountain of my

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fortitude, strength and spirit in this awesome and humbling responsibility of serving my good People of Pohnpei State.

May the Grace and Blessings of our Gracious Almighty Father protect and guide us forward on our epic journey together into time without end.

Thank you very much.