



13th State and National Leadership Conference

“Promoting Social, Environmental, and Economic Resilience”

Palikir, Pohnpei, Federated States of Micronesia

August 12 – 16, 2024

Communiqué

1. The Leaders of the FSM States and National Governments held their 13th State and National Leadership Conference (13th SNLC) at the FSM-China Friendship Gymnasium, Palikir Pohnpei, on August 12 – 14, 2024 under the Chairmanship of His Excellency Wesley W. Simina, President of the Federated States of Micronesia, guided by the theme “Promoting Social, Environmental, and Economic Resilience.”
2. The Conference was attended by the following Leaders:
 - a. FSM National Government
 - H.E. Wesley W. Simina, President of FSM
 - T.H. Aren Palik, Vice President of FSM
 - T.H. Esmond B. Moses, Speaker of FSM Congress
 - b. State of Pohnpei
 - T.H. Stevenson A. Joseph, Governor
 - T.H. McGarry Miguel, Vice Speaker of Pohnpei State Legislature
 - c. State of Kosrae
 - T.H. Tulensa W. Palik, Governor
 - T.H. Semeon Phillip, Speaker of Kosrae State Legislature
 - d. State of Yap
 - T.H. Charles S. Chieng, Governor
 - Theodore Rutun, Vice Speaker of Yap State Legislature
 - e. State of Chuuk
 - T.H. Alexander R. Narruhn, Governor
 - T.H. Wisney Nakayama, Vice President the of Senate, Chuuk State Legislature
 - T.H. Andrew A. May, Vice Speaker of House of Representatives, Chuuk State Legislature
3. The 13th SNLC was also attended by Honorable members of the FSM Congress, Honorable Legislators of the State Legislatures; Cabinet Members of the FSM National

and State Governments; Members of the Diplomatic Corps, Representatives of Regional and International Organizations; Representatives of the Private Sector; and Representatives of Non-Governmental Organizations and Civil Society.

4. The National Anthem was performed beautifully by Daniel Danis.
5. The opening prayer was delivered by Pastor Ehpel Ilon.

Opening Statements:

6. As host State, Governor Stevenson A. Joseph of Pohnpei State extended a warm welcome to participants of the 13th SNLC Conference, expressing deep gratitude for the opportunity to host the event.
7. In his remarks, Governor Joseph emphasized the conference's potential to drive meaningful actions, stating, "May we make this conference a springboard for actions and outcomes that will benefit our people for years to come." He highlighted the importance of the event as a platform for discussions that would lead to long-term benefits for the nation.
8. Governor Joseph also highlighted the critical need for unity and collaboration among FSM leaders. He stressed that the conference provided an essential forum for meaningful dialogue, which is necessary to address the nation's most pressing challenges.
9. By focusing on the significance of the conference, Governor Joseph underscored the necessity of strengthening the partnership between the national government and individual States to promote collective progress and development across FSM.
10. On behalf of the FSM National Government, His Excellency President Simina officially opened the 13th SNLC, extending a warm welcome to State Leaders, distinguished delegates, members of the diplomatic corps, regional and international partners, the private sector, NGOs, and CSOs. In his address, President Simina set the stage for the conference by emphasizing that "discussions will center around the interlinked areas of social, environmental, and economic development, each playing an integral role in the overall well-being of our citizens."
11. In his remarks, President Simina emphasized the crucial moment for the Federated States of Micronesia, urging leaders to reflect on the past and shape the future. He outlined the following key areas for discussion: social, environmental, and economic development.
12. **Social Development:** President Simina highlighted the importance of inclusivity and equal access to education and healthcare to empower citizens. He stressed investing in education to prepare the youth for future employment.
13. **Environmental Development:** President Simina addressed climate change and the need for sustainable practices to protect the natural resources of the nation. President Simina

advocated for significant investment in environmental initiatives to preserve the ecosystem and the cultural heritage for both the current and future generations.

14. **Economic Development:** President Simina emphasized the importance of attracting foreign investments that align with national interests while fostering a favorable environment for job creation and prioritizing sustainability. He also underscored the importance of infrastructure development to support economic growth and diversify the economy.
15. **Infrastructure and Resources:** President Simina called for updated infrastructure development plans and investment in local industries to create jobs and enhance economic resilience. He emphasized the importance of vocational training and strengthening institutional capacity for effective governance.
16. **Partnership and Collaboration:** President Simina also called for genuine partnerships that respect local needs and promote sustainable growth. He concluded by urging collaboration between state and national leaders to build a prosperous, resilient, and sustainable future for the nation.
17. In his opening statement, the Honorable Alexander R. Narruhn, Governor of the State of Chuuk, expressed deep gratitude for the successful conclusion of the Micronesian Expo held in Chuuk, highlighting the event's role in nation-building through cultural exchange and unity.
18. Governor Narruhn conveyed mixed feelings—joy over the progress in receiving sector grants under the Amended Compact, but also a deep sense of uncertainty. He stressed that the prolonged delay in receiving these grants had placed significant strain on state operations and the well-being of the people.
19. Governor Narruhn raised specific points for discussion during the SNLC, including updates on Compact III, fishing fees, the status of unallocated funds, JEMCO resolutions, the centralization of the infrastructure sector, the status of the Coconut Processing Plant, and the potential introduction of an FSM Fuel Farm. He also underscored the importance of addressing the needs of children, particularly those with special needs, within the education system.
20. Governor Narruhn urged fellow leaders to ensure that their decisions are consultative, transparent, data-driven, and policy-oriented to mitigate uncertainties and emphasized the importance of making decisions that prioritize the interests of all States within the FSM.
21. In his opening statement, the Honorable Charles S. Chieng, Governor of the State of Yap expressed immense gratitude for the convening of the 13th SNLC and stated that it is an honor for Yap's delegation to be part of the SNLC to review, discuss and resolve further policies on much important issues facing our small FSM nation.

22. Governor Chieng emphasized that the FSM and its people have traveled a long journey, one that is not without challenges, and Governor Chieng acknowledged and thanked the leaders of both the FSM and the States for their efforts, stewardship and love for our developing FSM nation and its citizens.
23. In his opening statement, the Honorable Tulensa W. Palik, Governor of the State of Kosrae extended warm greetings to the participants of the SNLC on behalf of the people of Kosrae and the delegation. He expressed gratitude to President Simina for convening the conference, noting the need to catch up on recent policy directions and lingering questions related to the 2023 Compact agreement and its fiscal procedures.
24. Governor Palik acknowledged the efforts of the FSM government, particularly through the JEMCO members and the Compact Management Office, in securing the delayed Compact funding for the current fiscal year. He emphasized the importance of completing the State Development Plan (SDP) and the Infrastructure Development Plan (IDP) to ensure continued Compact assistance in the coming years.
25. The Governor **advocated** for the appointment of a national coordinator to lead and oversee the development of the SDP, highlighting the need for national leadership and coordination to meet the expectations of the U.S. Government.
26. Regarding the education sector, Governor Palik shared concerns unique to Kosrae, such as the deteriorating condition of Kosrae High School, the shrinking teacher workforce due to out-migration and other challenges, and the need to recruit expatriate teachers or revive volunteer programs.
27. In the energy sector, Governor Palik called for a backup generator of at least 1.2 megawatts to meet the increased power demand from fishing operations and development projects. He also emphasized the urgency of starting road projects before Christmas, contingent on the availability of power for Kosrae's new asphalt plant.
28. Governor Palik also registered additional concerns for discussion, including the need to improve the Overseas Development Assistance (ODA) coordination for project implementation, revisiting the Presidential Decree on the Coconut Rhino Beetle to balance port operations with pest prevention, and the lack of national legislation to support Kosrae's Access Benefit Sharing Act of 2015 under the UN Convention on Biological Diversity (UNCBD) framework, to ensure the sustainable use of genetic resources.
29. The final opening remarks were delivered on behalf of the civil society by Ms. Marstella Jack, Interim Executive Director of the FSM Alliance of Non-Governmental Organizations (FANGO). Ms Jack expressed gratitude for the invitation extended to the civil society to have a space amongst government leadership, noting the need for more collaboration with the civil society.

30. Ms. Jack emphasized that the civil society is an integral part of development, and that nation building depends on the participation of all sectors, including the civil society, and not just the government and private sectors. Ms. Jack concluded her remarks by calling for passing of legislation relating to the right to information, stating that information sharing is at the core of ensuring accountability and transparency.
31. President Simina called for the adoption of the agenda of the 13th SNLC, which was unanimously adopted.

Economic Session

Economic Overview:

32. The first presentation of the Conference was delivered by Mr. Jeremy Mudong, Economist to the FSM Department of Finance and Administration. The presentation provided the leadership with an economic overview of the FSM post COVID-19. The leaders noted that the economy is gradually recovering from the impact of Covid, largely due to the robust fishing activities and government fiscal support for households during the pandemic. The economy is expected to benefit from continued infrastructure projects funded by donor partners as well as the increased inflow of compact funding. The leaders further noted that in order to sustain growth, structural reforms to strengthen the quality, stability, and resilience of public financing operations structural reforms are critical.

FSM Strategic Development Plan Updates:

33. Ms. Avalon Edward, Assistant Coordinator for the Strategic Development Plan (SDP) Review Team under the FSM Department of Resources and Development (FSM R&D) provided an overview of the ongoing review of the expired FSM SDP. The review highlighted both challenges and opportunities in advancing sustainable development. The leadership **noted** that preliminary findings include the need for better resource allocation, enhanced community engagement, and a commitment to monitoring and evaluation. Addressing these challenges requires a coordinated effort among stakeholders to ensure that the revised SDP meets the needs of FSM's citizens and in alignment with the nation's goals for sustainable development.

Decision:

- In light of the October 31, 2024 deadline for a draft SDP, the Leaders **endorsed** the recommendations and **urged** the review team to continue collaboration with states in the development process.

Infrastructure Development Plan Updates:

34. Mr. Robert Goodwin, Program Manager with FSM Department of Transportation, Communication and Infrastructure (TC&I) Project Management Unit (PMU), delivered a progress report on active infrastructure projects that are in the pipeline, and an update on

the formulation of a 2025 Infrastructure Development Plan (IDP), a plan that aims to improve government planning processes through preparation of a State led, prioritized, and cost IDP associated with a 5 to 10 years project pipeline. The **Leaders noted** the 7 steps, progress achieved, process for screening the projects and arriving at the shortlist, and key milestones.

Decision:

The Leaders discussed and agreed to take necessary steps towards decentralization of compact infrastructure implementation, and to develop a Resolution to the FSM Congress to amend Title 55 of the FSM Code for that purpose.

Compact III Updates:

35. Mr. Leo Falcam Jr., Compact Advisor and Mr. Kemsy Sigrah, Special Assistant to the President on Compact Matters with the Office of Compact Management, presented to the leadership a detailed overview of the 2023 Amendments to the Compact of Free Association between the Federated States of Micronesia (FSM) and the United States.
36. Mr. Falcam Jr. highlighted key amendments to the Compact, including the increase in annual sector grants to \$140 million per year and a new \$500 million U.S. contribution to the Compact Trust Fund. He emphasized that the FSM has gained renewed and expanded eligibility for various U.S. federal programs and services.
37. Mr. Falcam Jr. noted that the seven sectors receiving Compact assistance remain unchanged. However, the FSM now has increased flexibility in allocating these grants, with a minimum requirement of 25% (\$35 million) directed to infrastructure annually.
38. Mr. Falcam Jr. underscored that the increased funding provides an opportunity for environment and climate change initiatives, recommending that an increased portion of the Compact assistance be dedicated to establishing a nationwide program to address these critical challenges in the first five years.
39. Mr. Falcam Jr. also noted the new flexibility provided by the updated Fiscal Procedures Agreement (FPA) in defining "public infrastructure," allowing FSM to set its own priorities without the previous "two-tier" structure.
40. Other key points Mr. Falcam Jr. noted, included the reduction in reporting frequency under Section 264 from annual to biennial, provisions for unobligated sector grant funds to be transferred into segregated accounts within the Compact Trust Fund which are accessible until FY 2044 and the review of past JEMCO resolutions. It was noted that the 2023 Compact Trust Fund Agreement introduces three new accounts for investments, temporary holding, and unobligated funds, which will be fully operational by the end of the fiscal year.

Decision:

- The Leaders **noted** the presentation and **endorsed** the recommendation to increase the allocation of Compact funding towards addressing environmental and climate change challenges and to develop a resolution expressing the Leaders' endorsement of that recommendation.
- The Leaders emphasized that the Compact Trust Fund must be managed with a focus on sustainability and stability, ensuring it is protected from unjustified drawdowns to safeguard the long-term financial security of the FSM.

Outcomes of the 2024 Finance Conference:

41. Mr. Sohs John, Assistant Secretary for Budget at FSM Department of Finance and Administration, summarized the outcomes of the 2024 Finance Conference, which focused on enhancing public finance for sustainable development. Key topics included Compact III, federal grants, World Bank and ADB projects, and the Trust Fund.
42. A major highlight was the new Financial Management Information System (FMIS) project, awarded to FreeBalance, aiming to improve financial operations across the States with a target rollout by FY26. Mr. John also reported delays in a revenue management project with IU Network LLC, now expected to launch in late summer 2027. The conference emphasized extending Compact funds for FY2024 and improving Public Financial Management (PFM) through increased transparency and citizen engagement, introducing initiatives like the Citizens Budget and Debt Bulletin.

Decision:

- The Leadership noted the urgent need to have the FMIS in place, and urged timely delivery of the project.

National Trade Facilitation Committee Updates:

43. Mr. Stanley Raffilman, Program Manager for Trade, delivered a presentation summarizing the outcomes of the 11th National Trade Facilitation Committee Meeting (NTFC) and requested for further adoption by the leadership. The leadership **noted** that following the endorsement of the recommendations from the 2024 FSM Trade Policy Review, staff from the Division of Trade and Investment initiated an inclusive bottom-up approach series of stakeholder consultations both at the national and state level to develop an Implementation Plan for the Trade Policy. A draft plan was developed and validated in June 2024 and subsequently endorsed by the 11th NTFC on August 7, 2024.

Decision: The principals **adopted** the FSM Trade Policy Implementation Plan and instructed the Division of Trade and Investment to initiate the implementation with all stakeholders.

National Fisheries Summit Outcomes:

44. Mr. Mathew Chigiya, Deputy Director of NORMA, and Mr. Eugene Pangelinan, NORMA Consultant, delivered a presentation to the leadership on the outcomes of the 2nd FSM Fisheries Summit. Mr. Chigiya gave an overview of the status of the FSM tuna stocks, FSM's fisheries management programs, climate change impacts on tuna management development, regional initiatives such as the East New Britain Initiative (ENBi) and Pacific Island Tuna (PIT), and tuna market access and trade.
45. Mr. Pangelinan illustrated in a diagram the plateaued revenue generated from fisheries over the years, and urged the leadership to seek new opportunities to develop and secure greater benefits from the oceanic fisheries sector. Exploring onshore investments hold huge opportunities to create jobs and increase revenue. However, there are prerequisites such as, harmonizing FSM's investment climate, one that entices foreign direct investments, development of port infrastructures, achieving a Competent Authority (CA), to name a few.
46. Mr. Pangelinan made the following recommendations to the SNLC:
 - To endorse the updated National Oceanic Fisheries Investment Policy 2024-2029
 - SDP needs to reflect NOFIP and IDPs to reflect priorities in maritime and port infrastructures
 - Support convening of workshops at the State level to strengthen states capacity in implementing the policy and
 - States to adopt state fisheries investment policies to align with the national policy

Decision:

- The principals **endorsed** the recommendations presented by NORMA and agreed to **adopt** the National Oceanic Fisheries Investment Policy 2024-2029, **noting** the updates to the policy regarding the period covered and reflecting the constitutional amendment on revenue sharing.

FSM Telecommunications Corporation Updates:

47. Mr. Freddy Perman, President/CEO, FSM Telecommunication, delivered a presentation to the leadership. Mr. Perman highlighted FSMTC's transformation from a basic telephone service provider to a comprehensive telecommunications company, now serving as an Internet Service Provider (ISP), Mobile Network Operator (MNO), and Internet Protocol Television (IPTV) operator across all four island States. He emphasized FSMTC's mission to deliver top-tier telecommunications services that exceed customer expectations, maintaining its industry leadership.

48. Mr. Perman noted upgrades to FSMTC's billing system, the introduction of a mobile wallet app, and the planned transition to 5G by mid-2024. He also announced FSMTC's pursuit of a \$25 million Rural Utilities Service (RUS) grant to build a fiber-to-the-premises (FTTP) network across all states, which was noted by the Leaders.
49. Mr. Perman acknowledged the challenges FSMTC faces, including limited transportation, difficulties in recruiting skilled technicians, and inequitable regulatory fees that hinder service improvements. He also expressed concerns on competition with large corporations such as Starlink. Despite these obstacles, Mr. Perman emphasized FSMTC's commitment to cutting operational costs, streamlining operations, enhancing efficiency, delivering 100Mbps internet, and lowering service rates. Mr. Perman acknowledged the importance of competition but solicited the leadership's support for **fair** competition.

Communications Sector Update - Digital FSM:

50. Mr. Edward Albert, Assistant Secretary for FSM TC&I, presented the "Digital FSM" initiative, focused on expanding internet access to drive private sector investment and establish a foundation for digital government services. Mr. Albert emphasized government support for this transformation, highlighting benefits such as improved privacy, security, economic development, and access to e-Services like tax payments and voter registration.
51. To support the initiative, FSM has secured Microsoft's Azure/365 platform for enhanced security and scalable infrastructure, with government data migration to cloud storage expected within 6-8 months. Proposed legislation on electronic transactions and cybersecurity is anticipated to pass in 3-6 months, providing a legal framework for digital transformation.
52. Mr. Albert also emphasized the need for further capabilities in identity verification and online payments, proposing interim benefits while developing a long-term roadmap. A governance framework will be established within 3 months to coordinate and prioritize digital initiatives, involving key stakeholders to ensure the success of the digital transformation in FSM.

Environment Session

Joint Environmental and Risk Management Platform Outcomes:

53. Ms. Lucille Overhoff, Assistant Secretary Division of Climate Change FSM Department of Environment, Climate Change, and Emergency Management (DECCEM), delivered a presentation informing the leadership on the outcomes of the 3rd Joint Environment and Risk Management Platform with the objectives to take stocks and review recommendations, discuss and strengthen all levels of government's activities pertaining to environment, climate change and resources management, and sharing of disaster

preparedness, responses and recovery activities to improve effective responses to disasters. The leadership noted the 15 recommendations as part of the outcomes of the platform and further noted the resolution requesting an allocation of \$30 million USD from the Compact annual sector grant. The leadership expressed support for environment recommendations, however all budgetaries must be justified in pertinent to environment SPD, IDP.

Energy Forum Outcomes and Utilities Updates:

54. Ms. Leola Primo, Program Manager for Energy & Water, FSM Department of Resources and Development, delivered a presentation to the leadership on the Energy Forum Outcomes. Ms. Primo emphasized that the work in the energy sector aims to implement the National Energy Policy 2024-2050, which was a product of the Energy Forum held in July, 2024; and the sub sector policies and action plans in the energy sector, including the 2018 Energy Master Plan, the 2024 Draft SDG7 Roadmap and the 2024 Draft Disaster and Risk Reduction (DRR) Policy Framework for the State Utilities, all of which link to FSM's 2022 Updated Nationally Determined Contributions (NDC), Adaptation Plan, Strategic Development Plan (SDP) and the Infrastructure Development Plan (IDP).
55. Ms. Primo closed the energy forum outcomes presentation by reemphasizing the need for the National and State Governments as well as all stakeholders to collaborate in order to meet energy targets.

Decision:

The Leadership noted the the following recommendations: 1) endorsement of the draft National Energy Policy for 2024-2050, ensuring that it aligns with both short-term and long-term energy priorities; 2) the development and endorsement of a comprehensive implementation plan, as well as circulating and endorsing the draft SDG7 Roadmap; and 3) pursuing development of an Energy Act and supportive regulations to fast-track energy projects.

Vital Presentation on Energy and Agriculture:

56. Mr. Johnny Adolph, Chief Risk and Compliance Officer at the FSM Petroleum Corporation (Vital) delivered a presentation to the Leaders with Vital's initiatives and synergies with utilities in the space of electricity production with the objective to provide stable services to the growing demand. The Leaders noted the Transformation Act allowing Vital to utilize its human and financial strength, and structured business processes to transform itself from a conventional fuel supplier into a renewable energy corporation, contributing to a cleaner, greener, low-cost energy economy.
57. Mr. Adolph also noted the recently completed Coconut National Export Strategy (CocoNES), a blueprint to develop the coconut sector into a profitable industry estimated to yield annual revenue between \$8M to \$10M. The CocoNES intends to support the

coconut processing facility in Tonoas, and Vital's overall effort in providing opportunities to farmers.

Decision:

- The Leaders **noted** the request for the government's support in the implementation of the CocoNES Plan of Action which includes funding as well as to provide consistent transportation and cellphone/ Internet remote banking in the outer islands. The Leaders further noted the need to support the FSMPC to achieve the stated outcomes of the Transformation Act (PL 22-171). The Leaders further agreed to support the FSMPC's Disaster Risk Mitigation (DRM) projects.
- The Leaders also discussed the possibility of pursuing a feasibility study for a potential Fuel Farm project on Tonoas.

Social Session

Health Summit Key Outcomes:

58. Mr. Moses Pretrick, Assistant Secretary of the FSM Department of Health and Social Affairs (DHSA), delivered a presentation on the 2024 FSM Health Summit Key Outcomes.
59. Mr. Pretrick noted that the key outcome of the 2024 FSM Health Summit was the endorsement of the Framework for Sustainable Health Development in the Federated States of Micronesia 2024-2043.
60. Mr. Pretrick further noted that additional highlights of the FSM Health Summit included the launching of the following documents: the FSM Early Childhood Development Policy (2024-2028), the Nutrition Action Plan (2020-2030), the Healthy Eating Guidelines (2023-2027) and National Operational Guidelines on Adolescent and Youth-Friendly Health Services 2024.
61. Mr. Pretrick presented the FSM Health Summit's recommendations, emphasizing key areas for improvement in the nation's healthcare system. These include establishing a National Diagnostic & Medical Referral Center, expanding dialysis services across the states and the need to increase investment in human resources for the health sector, focusing on training the existing workforce and preparing students in the pipeline.
62. Mr. Pretrick noted that there was a call for significant investment in health-related infrastructure and equipment within the first five (5) years of Compact 3 and stressed the importance of accelerating preventive and community health efforts.

Decision:

- The Leaders noted the endorsement and launching of key policies at the FSM Health Summit.

Education Sector Updates:

63. T.H. Gardenia Aisek, Secretary of the FSM Department of Education (NDOE), delivered a comprehensive presentation summarizing the progress of the education sector from Compact I & II and highlighted challenges focusing on limited resources, student performance, and preservation of culture and indigenous learning.
64. Secretary Aisek emphasized that the current status of the FSM education initiatives reflects a system grappling with significant challenges that impede progress. She pointed out central issues include limited resources, poor student performance, and transportation difficulties. She stressed that these challenges are exacerbated by restricted funding sources, a shortage of qualified educators, and inadequate infrastructure to support effective learning. Despite these challenges, she reiterates that efforts are being made to improve education outcomes across the states, as seen in varying levels of school accreditation and teacher certification rates. However, disparities among the states indicate the need for targeted interventions to address unique local needs, particularly in the areas of literacy and numeracy.
65. Secretary Aisek proposed solutions for FSM education system involving securing stable funding through Compact III, coupled with clear and strategic spending plans that include contingencies for unforeseen challenges. By prioritizing investments in infrastructure, such as improving school facilities and expanding access to technology, she proclaimed that the FSM can enhance the overall quality of education. She added that initiatives to bolster teacher training, develop specialized programs for children with disabilities, and preserve indigenous knowledge through dedicated cultural programming is crucial. For the FY2024 budget, Secretary Aisek stressed that a focus on key priorities such as purchasing school buses, enhancing school connectivity, and supporting a lunch program will be essential in addressing existing gaps and improving educational outcomes.

Labor Recruitment Process:

66. Mr. Dickson David, Employment Service Officer, Division of Labor of FSM Department of Justice, delivered an update on the Labor Recruitment Process as mandated by Title 51 of the FSM Code, especially on the recruitment of non-resident workers into the FSM private sector. Mr. David highlighted the recruitment process, required documents for hiring non-resident workers, including minimum terms that must be contained in employment contracts between employers in the private sector and non-resident workers.
67. Mr. David stated that challenges exist in the labor recruitment process, including the lack of means to publicize vacancies in the private sector to foreigners, and lack of understanding of the conditions of work permits, highlighting the need to conduct public awareness campaigns.

68. Mr. David presented the following recommendations to the Leadership: (1) setting up an authentication system to be able to authenticate the credentials of non-resident workers; (2) establishing a registry of qualified citizens; (3) establishing a registry of employment opportunities to ensure wider publicity; (4) amend requirements and limitations for changing status/employment; (5) raise public awareness; (6) propose an amendment to Title 51 and promulgation of necessary regulations to simplify recruitment process; and (7) increase the minimum wage in the private sector for the purpose of attracting FSM citizens to seek opportunities in the private sector and minimizing out-migration of FSM citizens.

FSM Social Security Updates:

69. Mr. Jack Harris, Chairman of the Social Security Board, and Mr. Robert Carlos, Assistant Manager for FSM Social Security, delivered a presentation on the FSM Social Security Administration (FSMSSA) Updates. It was noted that FSMSSA receives annual appropriations from FSM Congress and that it has a healthy trust fund.
70. Challenges noted include the delinquent employers, discrepancies between collection of revenue and payouts (payouts exceed collections), and continued requests from beneficiaries for increase in benefits, an issue being seriously considered by FSMSSA. It was further noted that most beneficiaries rely on social security as their sole source of income, and the amount of which is, in most cases, very meager compared against the backdrop of inflation in each State.
71. FSMSSA stated that they are mandated to conduct an actuarial study every three (3) years to determine the best methods for investment of its trust fund to ensure the highest returns. FSMSSA further notes that the current proposal before the Board is to invest in the local economy, which shall also be informed by the study.

Decision:

- It was recommended that two percent (2%) of Compact funds be allocated on an annual basis towards social security, which was tabled for further discussion and consideration by the Leaders.
72. Ms. Yvonne Johnny, Special Assistant to the President on Overseas Development Assistance (ODA), provided an overview of the ODA Roundtable exercise.
73. Ms. Johnny noted that the ODA Roundtable exercise is an opportunity to dialogue directly with development partners and donors, and to collectively drive the conversation around what development assistance should be focused on in the FSM.

Matters Discussed at the Leaders Retreat:

74. Leaders considered the tax reform initiative and expressed support to revisit the initiative by reviving a Task Force or Working Group moving forward.

75. Leaders discussed and agreed to move forward with developing a detailed concept note on a 'One Stop Shop' for the purpose of centralizing the permit process for foreign investment in order to make the process more efficient and to encourage more investment in the FSM.
76. Leaders considered a proposal for an annual allocation of 2% Compact funding to support Social Security. Views were expressed regarding the need to address the interests of retirees. After exchanges and deliberations on this matter, Leaders agreed to further consult on the issue and revisit it.

Security:

77. In a closed-door session, the Department of Justice and the Department of Foreign Affairs provided Leaders with a high-level briefing on security and geopolitical matters.

Adopted in Kolonia, Pohnpei on this 16th day of August, 2024

Chuuk State Delegation:



T.H. Alexander R. Narruhn, Governor
Governor
State of Chuuk

Yap State Delegation:



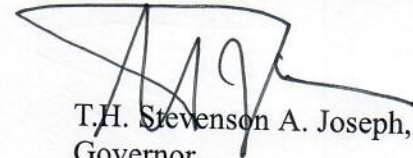
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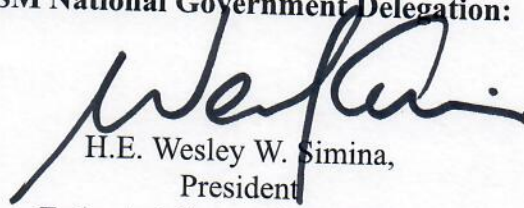
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President
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