

1st VISIT BY H.E. DAVID W. PANUELO TO THE STATE OF YAP

FEBRUARY 24 – MARCH 3, 2022

RECORD OF DISCUSSION

1. Yap State Governor, Honorable Jesse J. Salalu, welcomed His Excellency David W. Panuelo, President of the Federated States of Micronesia, and his delegation to the capital of Yap State in Colonia. President's Delegation arrived in Yap on February 24, 2022.
2. The Yap State leadership welcomed the President Panuelo's Delegation to the Yap State Legislature Chamber on Friday, February 25, 2022.
3. The following principals joined the meeting:
 - H.E. David W. Panuelo, FSM President
 - T.H. Isaac V. Figir, FSM Congressman
 - Hon. Jesse J. Salalu, Yap State Governor
 - Hon. Vincent Figir, Speaker, 10th Yap State Legislature
 - Hon. Cyprian Manmaw, Chief Justice, Yap State Court
 - Chief Thomas Falngin, Council of Pilung Chairman
 - Chief Paul Marlul, Council of Tamol Chairman
4. The Leadership meeting was also attended by Honorable Senators of the 10th Yap State Legislature; Cabinet Members of the FSM National and State Governments; Chairman and Executive Director of the Joint Committee on Compact Review & Planning (JCRP); and Private Sector representatives.
5. FSM National Anthem performed by students from the Yap Seventh Day Adventist (SDA) school.
6. Posting of Colors by Yap State Division of Public Safety in the Yap State Legislature Chamber.
7. Introduction of FSM President, His Excellency, David W. Panuelo, First Lady, Patricia Edwin and the esteemed FSM delegation.
8. Opening remarks delivered by Yap State Governor, Hon. Jesse J. Salalu expressing his highest honor to welcome the FSM President, FSM First Lady and all their delegation with Gods love and blessings. He shared the importance of the gathering to enable the Yap State Leadership to discuss a few urgent, critical and very important infrastructure needs, and the need for continued dialogue and information sharing in light of the devastating impact that the global COVID-19 pandemic has had on Yap State and the people of Yap.
9. Reading of FSM President Panuelo's biography by Protocol Officer Mr. Sebastian Tamagken.
10. FSM President Panuelo opened his remarks in his native tongue of Pohnpei to pay his respects to the traditional leaders and the Yap State Leadership. Before updating the leadership on important matters of the nation and items of particular interest to Yap State, President Panuelo recognized the students from Faith Christian Academy (FCA) and the

Seventh Day Adventist (SDA) schools for their heartwarming welcome and hospitality. President Panuelo paid particular attention to noting how clean and beautiful Yap environment is.

11. President Panuelo shared updates on several topics and issues that are important to the Nation and to the people of Yap State, as follows:

FOREIGN AFFAIRS & INTERNATIONAL RELATIONS

- FSM denounced the illegal invasion of Ukraine by the military forces of the Russian Federation in violation of international law and the sovereignty and territorial integrity of Ukraine. FSM Foreign Affairs advised the Russian Federation through a *note verbale* of the severance of diplomatic relations between FSM and the Russian Federation.

COVID-19

- FSM's early response to lockdown of the nation has enabled FSM to remain COVID-19 free until today. So far, 1451 people have been repatriated into the FSM States, of which 138 were to Yap. One concern is the large numbers of people, about 4000, leaving the FSM in spite of the global pandemic. President Panuelo congratulated the Yap State leadership for its high COVID-19 vaccination coverage. Vaccination for adults is 92%, adolescents is 58% and children is 10%.
- All repatriations are currently on hold but the FSM National COVID-19 taskforce in consultation with the States will meet to review the omicron status and may open borders as soon as March if that is the consensus.

COMPACT OF FREE ASSOCIATION (COFA)

- Submission of FSM proposal to the US government will be next month. If negotiations on the extension of the expiring provisions of the Amended Compact are not completed by 2023, then funding will still continue at 2023 levels going forward until the negotiations are completed. The US Government has reassured the FSM that there is no fiscal cliff.

TRUST FUNDS

- The Compact Trust Fund balance is \$1.79 billion as of December 2021.
- The FSM Trust Fund balance is \$380 million as of December 31, 2021. The Yap Trust Fund sub-account balance is \$12.7 million as of December 2021 and Yap has its own State Trust Fund that has exceeded all the other FSM States. FSM National Government, with the full support by the FSM Congress (CFSM), earmarked 20% of all fishing fees collected annually and deposited into the FSM Trust Fund.
- CFSM has also made the legal framework for 50% of funds generated from the Major Corporation Program promoted by the Micronesia Registration Advisors (MRA) through a private-public partnership to be earmarked for the FSM Trust Fund. In 2021, CFSM and President Panuelo worked to restructure the FSM Trust Fund to align its investments going forward into investments that reflect environmental values of low carbon.

SECURITY & DEFENSE

- President Panuelo met with Indo-PACOM leaders in July 2021 and participated in a series of high-level talks. He said the US remains 100% committed to FSM security and defense. He shared that the United States FAA had granted \$37 million to Yap State for resurfacing of the Yap International airport.
- On the upgrade of air and sea ports, President Panuelo urged the US government that airport and seaport facility upgrades must be mutually beneficial to both the US and FSM to ensure that FSM ports will definitely serve FSM domestic and international shipping purposes and needs. He also shared that there will not be any permanent US military base in Yap contrary to what was mistakenly reported in the media. The US may pre-position supplies but will not have a permanent military base in Yap.

STATE NATIONAL LEADERSHIP CONFERENCE (SNLC)

- President Panuelo welcomed Yap State's offer to host the next State and National Leadership Conference (SNLC) in May or June this year. Details will be announced in due course.
- One major topic that will be discussed during the SNLC is the Tax Reform Commission.

UNITED NATIONS MULTICOUNTRY OFFICE (MCO)

- President Panuelo shared ongoing efforts by the National Government to fully support the establishment of the MCO, with the intention that FSM becomes the North Pacific hub as a sub-region.
- Since 2019, FSM has been hosting this temporary office based in Pohnpei. FSM and other Micronesian leaders are considering seeking funding support by the Australian Government for the MCO.

PACIFIC ISLANDS FORUM (PIF)

- After thorough review of the issues surrounding FSM's membership in the PIF and upon consultations among the members of the Micronesian Presidents' Summit (comprised of FSM, Palau, Marshall Islands, Nauru and Kiribati), on February 4, 2022, FSM temporarily "paused" on its decision to withdraw from the PIF on the basis of substantive reforms taking place showing good faith to the Micronesian nations by the PIF by June 2022. The reforms include replacing the current Secretary General with a Micronesian candidate and set up of a PIF office in the North Pacific. The North Pacific countries have been sidelined on many things and more attention needs to be given to the North Pacific.

PACIFIC ISLANDS CONFERENCE OF LEADERS (PICL)

- President Panuelo is the Chair person for PICL. He has requested that US President Biden engage and meet with PICL leaders. US President Biden has indicated he may be available to meet in either May or June 2022 with PICL. 27 member jurisdictions in PICL including independent countries in the Pacific, COFA countries and the US and French territories.

KING TIDES

- The FSM Emergency Declaration for Chuuk had been expanded to include Yap State in light of Yap State's emergency declaration. CFSM previously appropriated \$500,000 and this will be shared with Yap State pursuant to the expanded emergency declaration. President Panuelo added another \$250,000 from the FSM Disaster Emergency Assistance Fund. Voyager will come to Yap with the first round of response, with needed supplies and relief goods purchased locally in Yap with a view towards supporting the local economy.
- Governor Salalu expressed his appreciation for President Panuelo's immediate action and for expanding the national emergency declaration for the Kings Tide to include Yap State.

PAVE THE NATION

- \$75 million had been secured from World Bank (WB) to fund the Pave the Nation project.
- \$12 million funding from Asian Development Bank (ADB) to support the PRIME and SCORE climate resilient road works. FSM Department of Transportation, Communication and Infrastructure (TC&I) will oversee the suitable designs to be finalized in 2022, and implementation of these projects will begin in 2023. Yap State had identified the Donoch and Tagaanyal bridges to be funded by these grants.
- Governor Salalu expressed appreciation for the efforts of the National Government to materialize the Pave the Nation, and hoped that this initiative will improve the infrastructures for Yap State.

INTERNATIONAL CRIMINAL POLICE ORGANIZATION ("INTERPOL")

- President Panuelo announced that in November 2021, FSM became the 195th member of INTERPOL during the General Assembly of INTERPOL held in Istanbul, Turkey. The FSM Department of Justice (DOJ) facilitated the national efforts towards becoming part of INTERPOL. As member of INTERPOL, FSM gained immediate access to the global law enforcement network that fights criminalities. FSM may seek immediate assistance by INTERPOL members in apprehending criminals with outstanding arrest warrant.
- President Panuelo designated the Cyber Security and Intelligence Bureau (a special division of the DOJ) as the National Central Bureau ("NCB") for the purpose of the nation's collaboration and liaison with the INTERPOL Secretariat and INTERPOL Members.
- President Panuelo officially invited the INTERPOL Secretary General to establish an INTERPOL office in FSM covering the Pacific region.
- CYBER SECURITY AND INTELLIGENCE BUREAU. FSM has a cyber security agency under the Department of Justice, and is presently working with the INTERPOL in fully establishing its capability in this area. The FSM Department of Justice is taking the lead on this important subject matter.

EAST MICRONESIA CABLE

- All the FSM states have Internet connectivity except Kosrae. The issue encountered was that the international company that won the bid to set up Internet connectivity for Kosrae and other nearby nations was Chinese based and this posed a potential security risk for FSM. With this backdrop, Japan, Australia and the United States jointly committed through their respective in-country embassies to cover the costs (around \$75 million) of securing the Internet connectivity for Kosrae.

SOCIAL PROTECTIONS PROGRAMS

- Some programs under this include the Pandemic Unemployment Assistance (PUA) which FSM received \$20-\$21million from the US Government. Of this amount, Yap received \$3.4 million in total.
- ADB provided \$14 million for the FSM Social Protection programs. Of this amount, Low Income Assistance Program in the FSM received \$7 million, of which Yap State had received over \$900,000 assistance so far.
- Tourism Mitigation Fund. Out of the \$15 million appropriated by CFSM, \$8.6 million has been paid out to date to the private sector. Yap has thus far received \$1.6 million.

PACIFIC PATROL BOAT PROGRAM & SHIPPING

- FSM will be receiving two new Guardian class patrol boats this year donated by the Australian Government. DOJ Maritime Wing officers and crew for the Guardian Class patrol boats are presently in Australia for training purposes prior to bringing the new patrol boats to FSM soon.
- Additionally, the Japan Government agreed to support FSM with 4 patrol boats. Delivery date and timeframe are being finalized; and part of the plan is for one patrol boat to be stationed in each FSM State to assist with law and maritime enforcement and search and rescue. The FSM Government will support the operational costs of these patrol boats in each state.
- The Chinese Government will be delivering H2 vessel to FSM in April 2022 for Yap State's use.

LEGISLATION ENDORSED TO THE CFSM

President Panuelo shared the following pending legislation; and he is seeking the support by the 22nd CFSM and the Yap State Leadership for the important bills:

- Cybercrime Bill
- Freedom of Information Act
- Foreign Investment Bill
- Petro Corp Renewable Energy Mandate
- Non-Communicable Diseases Bill

BLUE PROSPERITY MICRONESIA (BPM)

- President Panuelo shared with the Yap State Leadership his vision for the Blue Prosperity Micronesia—a national initiative for the protection of at least 30% of FSM waters as no-take fisheries replenishment zones. President Panuelo expressed his gratitude to Yap State leadership for its full support of this national initiative.
- To solidify the partnership between the FSM National Government and Yap State, President Panuelo and Governor Salalu signed a memorandum of understanding (MOU) supporting marine spatial planning and concretizing the implementing action plans for the BPM.

ODA PRIORITIES

- President Panuelo announced that the ODA priorities were successfully endorsed by the CFSM in the last session after consultation with the FSM States. The priorities are as follows: (1) *Vocational Education*, (2) *Diagnostic Facilities*, (3) *Water Security System*, (4) *Pave the Nation* (\$75 million), (5) *Renewable Energy* (EU funding for 12 mini grids in lagoon islands in Chuuk), and (6) *Climate Resilient Infrastructure for the outer islands*. President Panuelo also thanked all the members of the 22nd CFSM for their full support of the ODA priorities.
- Views were expressed regarding the possibility that the States should have the opportunity to make important decisions with respect to State ODA priorities.
- With respect to the rotation of grant aid from Japan, in particular, President Panuelo observed that this rotation of Japan Grant became unclear at some point in the past, hence, it needed some clarification. The SNLC will discuss this topic thoroughly in order to bring some clarity to this issue.
- In relation to Pave ahe Nation program, President Panuelo had consulted Australia on the possibility of availing the Australia International Infrastructure Facility. FSM is eligible for this Australian funding.

Further exchanges and discussions between the National and Yap State Delegations covered the following topics:

EDUCATION SERVICES AND ACCOMPLISHMENTS

- On behalf of Secretary Gardenia Aisek, Dr. Natalie Nimmer of the FSM Department of Education (DOE) shared some of the accomplishments in the area of education services: (1) Celebration of Education Week for the first time in approximately 20 years; (2) newly appointed DOE School Board having convened its first meeting; (3) use of the school accreditation process to improve schools and latest assessment all schools moved up one level, a couple moved up two levels; and (4) Yap DOE Strategic Plan, which is aligned with the FSM DOE Strategic Plan.
- Other accomplishments in the different levels of the education system include Early Childhood Education (ECE), noting that Yap has the most comprehensive ECE system in the nation for children ages 3-5.

- In the area of special education, Yap has recorded 147 students with learning and physical disabilities.
- With respect to elementary education, while the overall score levels of grades 4, 6 and 8 reading and math in Yap State were maintained during the global pandemic unlike student scores in the rest of the world, still in general the scores need to be improved. Students mastered 43% of the reading benchmarks and 27% of the math benchmarks.
- As for High School, 10th grade students' test scores dropped for math and reading. Math went from 32%-24% and reading from 50%-43%. This area needs further attention.
- Special Education. Yap has recorded 147 students with learning and physical disabilities.

HIGHER EDUCATION

- In 2021, FSM became a member of Western Interstate Commission for Higher Education (WICHE) which means that students from FSM are qualified for in-state tuition level at member schools when going off island instead of paying international student fares, which are generally much more expensive. The WICHE privileges are effective in 2022, so all students in overseas colleges and universities in the US or US territories should inquire with their respective schools
- COM-FSM is implementing online learning for its students. Yap college students can stay on island and take lessons online without leaving home for their degree programs.

TEACHER STANDARDS

- Yap is implementing Teacher/Principal Standards. Yap had 23% of its teachers certified in 2021, the highest ever of the number of teachers getting a bachelor's degree. Yet average teacher salary in Yap is 25% less than salary for other teachers in FSM. FSM has been recognized as one of the three most transparent education systems in the Pacific, due to the public access of FedEMIS.
- **Education Funds.** \$2.5 million from Global Partnership to expand early childhood education to every 5-year-old in the nation. Under this grant there will be additional funding for Yap for curriculum development, community engagement, summer teacher training, technical assistance and equipment like radios for the outer island schools. Funding began November 2021.
- \$8.3 million from ADB and Australia for "Improving Quality of Basic Education". With this, 94 teachers in Yap received additional training on how to improve reading and math instruction and create locally relevant learning resources. 29 teachers in Yap received repeated classroom observation support from COM-FSM Yap faculty mentors. 80 new children's books in local languages were created. Some will be printed into hardcopies for use in elementary schools across Yap.
- \$17.7 million pending with WB to be confirmed in summer 2022 to expand and improve high school student access to high-quality vocational education. The bulk of this funding will go towards rehabilitating the old PATS campus in Pohnpei which is scheduled to re-

open in 2026 to its first class of 80 students. Yapese students will receive travel, room and board, and other support so they can attend this national vocation school. Yap high schools offer agriculture, home economics, automotive and construction. This funding also supports teacher training and curriculum development. Yap High School will have access to 5 years of annual funding to purchase vocational equipment and materials.

- \$750,000 COVID-19 Accelerated Funding grant from the Global Partnership for Education project will be used to provide 19 outer island schools with technology hardware to connect with satellite internet services. 13 outer island schools will receive water tanks.
- FSM National and State DOEs have created a transparent data sharing system in the Pacific region. A phone app has been created called “Pacific Open Education Data”. This online app contain information about teachers, students, schools, accreditation and other topics. The same information is available at <https://fedemis.doe.fm>. Click the “public access” button. This project is funded by the US Supplemental Education Grant (SEG).

VOCATIONAL TRAINING

- FSM is in discussions with the World Bank to secure funding of up to \$17.7 million for vocational training, which is one of the ODA priorities of the National Government. There are 5 major components of the Vocational Training: (1) Teacher Training, (2) Developing Occupational Standards, (3) Performance Grants awarded to one high school per state for purchase of supplies, tools, equipment, (4) Establishment of an Independent National Agency to certify students, and (5) PATS campus to be renovated and revived as the National Vocational School.
- Regarding national standards for vocational training, there are ongoing efforts to revise and update these standards.

CULTURE AND TRADITIONS

- There is general recognition and consensus about the importance of culture and tradition. There were discussions about how Yap’s culture teachers could be considered for fairer compensation for their services similar to teachers of other subjects. An observation was made that those teaching the local culture are among the lowest paid teachers, with less than \$4,000 per year. The FSM DOE has a national teacher certification policy that has a mechanism relating to Recognition of Prior Learning (“RPL”) but it is not yet fully implemented. Hence, it is important to look into this matter with due diligence and a sense of urgency.
- Incidentally, COM-FSM just passed a policy for RPL. With this policy, people with skills such as navigators, with prior learning, might be able to obtain credits that can be offered at the college and use those credits and be certified for higher salaries. But this is something that needs to be looked into.
- Through the ADB project “Improving quality of basic education” there is teacher training as well. There are three academies: (1) How to Teach; (2) How to teach Literacy skills;

and (3) How to teach Numeracy skills. Those have been available in Yap for the past 3-4 years. Yap has 355 teachers in total. Only 94 have gone through these trainings.

DEPARTMENT OF ENVIRONMENT, CLIMATE CHANGE AND EMERGENCY MANAGEMENT (DECEM)

Secretary Andrew Yatilman shared the following updates:

- a. **King Tides Emergency Declaration.** Emergency Declaration is expanded to include Yap State. \$500,000 funding available through CFSM appropriation, and \$250,000 from the FSM Disaster Emergency Assistance Fund. Yap's first month of supplies will come out of Pohnpei on Caroline Voyager. Subsequent supplies will be purchased in Yap.
- b. **Grant.** Japan Government committed \$7.4 million worth of grant for FSM through the UNDP. Funding priority is to support the Southern Water System Authority.
- c. **Communication Systems.** DECEM will provide radio, solar panels, back up batteries, HF radios, VHF radios, and base radios for all the neighboring islands. This communication system will also support other important services such as health and education.
- d. **Ridge to Reef Project.** This is a Global Environment Facility (GEF) 5 funded project. While GEF 5 projects are closing soon this year, in the meantime, GEF 6, 7, 8 funding have been approved—amounting to about \$20 million funding for the environment sector over the next 12 years.
- e. Yap is currently benefiting from GEF 5 funding to support the purchase of water quality test kits, dry litter piggeries, construction of compost shed to support the Division of Agriculture and Forestry, restoration of a stream bank in Weloy, vehicle procurement to support the activities, deployment of 3 fish aggregating devices to reduce pressure on inshore fisheries, demarcation of protected areas in the communities including Tamil, Gachpar, Weloy, Riken—to cite a few GEF projects. The funding will expire in March 2022 but extension was requested and approved to December 2022. It is recommended for Yap State to expedite activities and spend the grant funds prior to lapse date.
- f. **Digital Atlas of FSM.** CFSM funded the second phase of this project to be done in the outer islands. The end product is a digital atlas of FSM land and sea to be completed in 2023.
- g. **Waste Management.** State EPA's will facilitate the JICA-funded projects for waste management. Landfills are included in this. Yap had a JICA/YSL funded Fukuoka Method of landfill project for \$400,000 and worked successfully so other states can look into this method.
- h. **PACWASTE** project that is European Union (EU) funded is available to support compost management programs to minimize waste in the landfill. Yap EPA is doing this project with DECEM facilitation. No landfills in FSM are US certified like CNMI and Guam landfills.
- i. **Climate Change.** \$9 million available from the Adaptation Fund for FSM. Yap is getting some funds to support water projects in two outer islands – Woleai and Eauripik. Under this project, there are three coordinators hired – national coordinator based on the main

island liaising with one local coordinator based in Woleai and one in Eauripik for the water projects.

STATUS OF WATER PROJECTS IN WOLEAI AND EAURIPIK

- It was noted that internet in Woleai is not functioning properly, which needs expeditious attention. This had resulted in the inability of the project coordinator in Woleai to communicate important updates to the main office in Yap. It was further noted that transportation remains a major challenge to the neighboring islands.
- Woleai people reported that the water tanks provided are too big and are above the tin roofs that are supposed to catch the rain water to empty into the catchment tanks.
- FSM DECEM office will look into this to make sure the tank is not higher than the roofing.
- Moreover, the water tank projects in Fais, half of them are leaking today. DECEM will look into this matter quickly, noting that a tool kit was previously turned over to Yap.

LAW ENFORCEMENT SERVICES BY THE FSM DEPARTMENT OF JUSTICE (DOJ)

Secretary Joses Gallen, Sr. shared the following updates:

- **Status of Murder Trials in Yap.** The 2019 case was stalled due to COVID-19 pandemic. Trial is set for this month. Testimonies of witnesses will be done virtually. We are hoping to conclude the cases by end of this year.
- **Interpol Membership.** FSM became a member of INTERPOL and this allows us to share information and seek justice from people who flee and go into hiding. INTERPOL can help FSM track fugitives.
- **Law Enforcement of the Exclusive Economic Zone (EEZ).** Two Guardian class patrol boats donated to FSM by the Australian government will be delivered soon. These boats with much greater capacity will allow our officers to stay at sea for up to one month per trip. Japan also committed additional four patrol boats of smaller capacity—one boat will be stationed in each state. This will allow each state to patrol from 1 to 24 miles out from shorelines.
- **Jails.** FSM National Government is looking into building national jails in each state, including Yap. This will help with overcrowding in state jails and also allow for separation of those incarcerated for national crimes versus state crimes.
- **Seabed Authority.** Legal framework for this was enacted by CFSM to allow FSM to manage its seabed. President Panuelo needs to appoint members to this seabed authority with representatives from each state.
- **Extended Continental Shelf.** Chief of Law Leonito Bacalando, Jr. provided updates regarding the four areas claimed by FSM as its extended continental shelf areas, as follows: (1) Ongtong Java Plateau (joint submission by FSM, PNG and Solomon Islands), (2) Musau Ridge, (3) Eauripik Rise, and (4) North of Yap area. FSM is securing these extended continental shelf areas according to the Law of the Sea Convention.

- **Yap Trench.** A Japanese scientific vessel discovered the Yap Trench around 1995/1996 and its deepest point is over 9000m deep. FSM is in the process of renaming this feature according to naming convention that is acceptable to FSM.
- **Renaming of Challenger Deep.** FSM is also in the process of renaming the deepest point in the ocean which is located in the FSM EEZ.
- Regarding activities of registered ships, DOJ clarified that while FSM does have registration system for domestic vessels, it does not permit the registration of foreign ships as a form of flag of convenience. The only ship registry permitted at the moment is the FSM Department of TC&I's issuance of certificate of registration to local vessels, mostly fishing vessels that are part of the domestic fleet.

FSM DEPARTMENT OF FINANCE AND ADMINISTRATION

Secretary Eugene Amor shared the following updates:

- **FSM Trust Fund** balance is \$380 million.
- **Yap Sub-account Fund** balance is \$12.7 million.
- **Revenue sharing** is 70% to states and 30% to FSM National Government. Fifty percent of funds from the Major Corporation program is deposited to the FSM Trust Fund. The 20% increase as amended by CFSM law just prior to the pandemic now helps all the states with their COVID response. This goes directly to the state treasuries. This is about \$17-\$19 million a year.
- **Social Protection Programs.** Yap has tapped into the PUA, LIAP, Economic and Tourism Mitigation Assistance funds. Total of \$6 million combined from all these programs were disbursed in Yap State to date.
- **Fiscal Management Information System (FMIS).** FSM works with all State finance departments to put in a new FMIS. A bid has been put out with the help of World Bank. Bid is repackaged since the initial amounts tendered were too high. We hope the system can be installed and tested by end of 2023.
- **Fiscal Management Regulations.** FSM Finance worked with all states to update their fiscal management regulations. An international consultant hired and working directly with all the states to come up with a uniform system across all the states. This will ensure compliance with donor partner procurement regulations and to facilitate quicker disbursement of funds.
- **Tax Reform.** Implementation of this reform is on hold due to recession caused by the COVID pandemic. We are looking into other ways to cushion the impact of tax. Also being considered are different models in other countries that are suitable for FSM.
- There were exchanges regarding the sharing of national revenue. Currently, the FSM National Government gets 30% of revenues collected and 70% are for the State Governments.
- Secretary of Finance explained the Low Income Assistance program including the need for proper identification such as social security documentation. Some form of

identification is required to ensure that we are not giving out checks to people who are not qualified to receive financial assistance. But this requirement should not be burdensome especially for those living on the neighboring islands. Additionally, it is required for those receiving the assistance that they must be fully vaccinated unless, a doctor's certificate is presented showing an exemption.

FSM DEPARTMENT OF HEALTH AND SOCIAL AFFAIRS (DOHSA)

Secretary Marcus Samo shared the following updates:

- He explained the national efforts in addressing the COVID-19 pandemic and the protocols put in place by the National Task Force in consultation with the State COVID-19 Task Forces. Sec. Samo emphasized the need to be resilient and safe in the face of the ongoing pandemic.
- Secretary Samo commended Yap State's accomplishment for attaining the highest COVID-19 vaccine coverage rate in the FSM. He encouraged citizens to get their booster dose especially for the 45 years old and up age groups.
- Waab Community Health Center is an exemplary model for a primary health system in the nation and its set up should be followed to strengthen the dispensary systems in the outer islands.
- Secretary Samo recommended nationwide efforts to increase investments on health care development in order to achieve self-reliance.

Joint Committee on Compact Review and Planning (JCRP) asked all states including Yap and FSM national health to package what its projected needs will be in the next 20 years for the next compact. Going through this process it's obvious we are not quite content. We are doing a good job in preventive public health services but not so well in investing in advanced health care services.

- A question for not only Yap State but all of FSM is to ask ourselves what type of health care do we want in the future going forward? We are doing ok in preventative public health but what about curative treatment and advanced diagnostic services like CT scan for example.

FSM DEPARTMENT OF RESOURCES AND DEVELOPMENT

Secretary Elina Akinaga shared the following updates:

- **Census.** This program is long overdue and needs to be carried out. Statistics Division is doing the training of the trainers and will be mobilizing tabulators to do their surveys.
- **Tourism.** Currently, \$20 million for tourism of which most of the funds are from CFSM. Taking into consideration the Tourism Mitigation Fund, each FSM State gets \$500,000 for product development and marketing. Given that there are questions about the proper use of these funds, disbursements are on hold.

- **Domestic Tourism.** Plans of having the first FSM Tourism Fair this summer in which one day shall be dedicated to each state to promote and showcase the states. There was a consensus to intensify tourism promotional events.
- **Investment Promotion Bill.** Pending with CFSM to make FSM more investor friendly through the harmonization of laws.

FSM Department of Transportation, Communication & Infrastructure (TC&I)

On behalf of Sec. Carl Apis, Mr. Shankara Lessey, of TC&I shared the following updates:


- There are 6 infrastructure projects in Yap for total investment of \$80 million plus.
 - a. \$40 million from OIA, \$6 million from CFSM, \$5 million from ADB, \$8 million from WB.
 - b. \$37 million from FAA.
 - c. Roads and Bridges will be renovated using WB and ADB funding. FSM TC&I is now working closely with Yap Project Management Office (PMO), Public Works & Transportation (PW&T) and Office of Planning & Budget (OPB) to get the work moving. All surveys and designs to be completed in 2022 and work to start implementation in 2023. Ganir, Donoch and Tagaanyal bridges are the focus.
 - d. CFSM has allocated \$1.2 million to the nation which is \$300,000 per state. Yap State needs to decide on how to use this funding to do 800 feet of road work.
 - e. Vulnerability assessments by WB PRIME project need to be done on Yap roads to see how to make them more climate change resilient.
- **Maritime Projects.** Upgrade the Tamil port to meet international shipping requirements. Budget for this project is \$40 million and the WB is talking about additional funding to meet the top up need.
- **FSM Digital.** East Micronesia Cable. Fiber optic to the home project. Yap survey is completed from the Guam cable.
- **E-Government Platform.** Plans to digitize the government services. Consultant already on board.
- **Outer island internet connectivity** has to be satellite based but we have to make sure its reliable before we start the project.
- **H2 cargo vessel** will arrive into FSM in April 2022 from China and be stationed in Yap to service Yap State.
- **FAA Airport project.** \$34 million awarded to GPPC. Temporary work on site should start soon.
- **YSPSC projects** funded by Compact. Gitam water treatment plant, Colonia waste water treatment plant and Water storage tank designs were done with Yap PMO and YSPSC help and they are now with the US Army Corp of Engineers to review the designs to make sure they meet U.S. standards and are approved for bidding.


- **Schools** funded by Compact. Yap High School, Woleai High School and Colonia Middle School. Designs 60% complete. Presentations made to State.

Exit Meeting

- During the exit briefing, Governor Salalu sought the assistance by the FSM Government regarding the landing rights extended to PMA flights into Palau. President Panuelo elaborated that these landing rights were temporarily suspended for public health reasons due to the COVID-19 pandemic. Flights will resume right after the pandemic.
- Regarding the Ganir bridge, President assured that national engineers will look into this important state infrastructure for appropriate expeditious solution.
- Governor Salalu sought the President's assistance with respect to the deployment ban currently enforced by the Philippine Government, which is heavily impacting upon several infrastructure projects that have remained pending in Yap and other FSM States due to shortage of skilled labor. President Panuelo conveyed that the National Government is working very hard on this issue. Both the FSM Department of Foreign Affairs and the Department of Justice are presently reaching out to the Philippine Government with a view towards resumption of discussion and conclusion of a labor agreement that will normalize the deployment of Filipino workers to FSM.
- President Panuelo announced his intention to ask the European Union to set up an office in FSM as North Pacific Hub that will cover essential services, such as for the UN, INTERPOL and other international organizations.
- President Panuelo expressed his personal appreciation and gratitude to Governor Salalu and the entire leadership of Yap State including Chairman Isaac V. Figir of the 22nd CFSM for the warm hospitality and the productive discussions on several critical and substantive issues that are important to the people of Yap State.
- Governor Salalu, on behalf of the entire leadership of Yap State, reiterated his personal gratitude and appreciation for President Panuelo's visit to Yap State.

Signed in Colonia, Yap, FSM on this 2nd day of March, 2022.


 T.H. Jesse J. Salalu
 Governor of Yap State
 Federated States of Micronesia


 H.E. David W. Panuelo
 President
 Federated States of Micronesia