



OFFICE OF INSULAR AFFAIRS

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**News Release**

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**Office of the Assistant Secretary for Insular Areas**

**U.S. Provides \$9.9 Million in Compact Grant Assistance Payments to  
the Federated States of Micronesia for October and November 2015**

*Includes Support for Institutional Strengthening of Chuuk Public Utilities  
Corporation*

WASHINGTON, D.C. (December 15, 2015) – In October and November of 2015, the Federated States of Micronesia (FSM) Department of Treasury and Administration received grant assistance payments from the United States Government totaling \$9.9 million. These payments, provided under the Compact of Free Association agreement, included financial assistance for sectors identified as priorities under the Compact such as health, education, infrastructure, public sector capacity building (all otherwise known as Compact Sector Grants), as well as Supplementary Education Grants.

Included in the Public Sector Capacity Building grant are funds which continue support for the Institutional and Capital Recovery Plan for the Chuuk Public Utilities Corporation (CPUC). The Joint Economic Management Committee, which votes on Compact assistance, has allocated funding since 2011 in support of the CPUC recovery plan, resulting in Chuuk having increasingly reliable power among all four states in the FSM.

The Public Sector Capacity Building grant has also enabled the CPUC to rehabilitate the Chuuk water system, an improvement that will support a new power plant in Tonoas. As reported in their November newsletter, CPUC officials met recently with landowners, municipal officials, and other interested parties in Tonoas to discuss rehabilitation of the water system. The project, funded through a \$750,000 grant, will support the Tonoas community, the soon to be completed power plant, and the coconut processing plant project, all of which are expected to be constructed in 2016.

The CPUC has also instituted a “scratchcard” system for a cash-purchase power system in Tonoas through a \$140,000 Public Sector Capacity Building grant. Customers in Tonoas using the “scratchcard” pre-payment metering system, will also be able to purchase power from retail stores around the island once the power plant is complete.

Finally, the CPUC reports that the Sewer Treatment Plan Rehabilitation project, funded through prior year Public Sector Capacity Building funding, should be completed in early 2016.

The breakdown for Compact Grants in October and November 2015 follow:

Education	\$ 3,771,000
Health	\$ 3,138,000
Infrastructure	\$ 1,211,158
Supplementary Education Grant	\$ 660,000
Public Sector Capacity Building	\$ 485,450
Environment	\$ 263,000
Enhanced Reporting and Accountability	\$ 216,000
Private Sector Development	\$ 169,000
<b>Total Amount</b>	<b>\$ 9,913,608</b>

The amounts listed above are distributed among each FSM State as listed:

Chuuk	\$4,269,866
Kosrae	\$1,150,999
Pohnpei	\$2,677,533
Yap	\$1,815,210
<b>Total Amount</b>	<b>\$ 9,913,608</b>

The Compact provides approximately 90% of the FSM’s annual budget for health, education, and infrastructure development and maintenance. The close relationship between the U.S. Government and the Federated States of Micronesia is enshrined in the Compact of Free Association, under which the United States also provides guaranteed financial assistance over a 20-year period in exchange for full international defense authority and responsibilities. U.S. assistance through direct annual Compact grants will be replaced in 2023 by distributions from the Trust Fund for the People of the Federated States of Micronesia, as established under the amended Compact of Free Association.

*The Assistant Secretary for Insular Areas carries out the administrative responsibilities of the Secretary of the Interior in coordinating federal policy for the territories of American Samoa, Guam, the U.S. Virgin Islands and the Commonwealth of the Northern Mariana Islands, and administering and overseeing U.S. federal assistance to the Freely Associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau under the Compacts of Free Association. The Assistant Secretary executes these responsibilities through the Office of Insular Affairs.*

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