

works director, decentralizing site certification and contracting authority, continued work to improve financial reporting, and new field supervision of contracts to monitor rates of progress.

A further justification for part of the request for the CIP is that the Government of Japan has agreed to provide goods and services matching the value of U.S. appropriations for certain CIP projects as the means by which it pays for World War II death and property claims in the Trust Territory. The Micronesians are pressing for compensation for these claims which remain unsettled. The Government of Japan has authority to determine which of the CIP projects it will match; however, the agreement is for the Japanese compensation to be paid within three years.

Of the \$6.9 million we recommend for the CIP, \$4.5 million is for construction of the Ponape Hospital (the Department's highest priority CIP item) while the remainder of the CIP request was given lower priority by the Department than the other items described below. The combination of the \$6.9 million recommended plus the unobligated carryover of \$13.0 million of prior year funds will finance a 1974 obligation level at roughly the \$18 million provided in the January 1973 budget.

Guam Controller

Under newly enacted legislation the Guam Controller has authority to conduct audits of the operations of the Trust Territory Government. There is no agreement yet among the Controller, Trust Territory Government and Interior about the work program the Controller should undertake. Further, it appears some of the likely work was budgeted in the 1974 appropriation for the Trust Territory. Therefore, a reprogramming probably will be proposed by Interior in lieu of a supplemental. This item was assigned lowest priority within the supplemental request.

Items related to continuing political future negotiations between the U.S. and the Trust Territory

1) Micronesian Constitutional Convention

The Chairman of the Joint Committee on Future Status (which represents the Micronesians) has forecast that