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DRAFT REPORT OF THE AD-HOC PREPARATORY COMMITTEE
ON TRANSITION IN THE MARIANAS

Introduction

During the Third Session on the future political status of the Marianas, the MPSC and the U.S. agreed that a joint Ad Hoc preparatory committee be established to study and make recommendations regarding the scope, organization and timing of studies and programs necessary to an orderly transition to self-government in the Marianas.

Pursuant to the terms of reference of this ad hoc committee, the following report is submitted to the Chairman of the MPSC and to the President's Personal Representative for Micronesian Status Negotiations:

General

It is clear that there is a need for a number of studies and plans if the transition to self government in the Marianas is to be orderly and in the best interest of (both citizens of the Marianas and the U.S.)

These efforts should be directed at a series of discrete but inter-related steps toward the creation of a self-governing commonwealth of the Marianas. These steps include a plebiscite on the future political status of the district, the holding of a constitutional convention, a constitutional referendum, the organization of a new government structure, the election of a new government and the drafting of an initial legislative program. We believe that the main responsibility for planning and implementing these activities should be borne by local leaders and institutions.

In addition, there is a need for appropriate educational efforts to prepare the people so that they can participate in some of these activities or make an informed choice when a popular referendum or election is held.

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It is also evident that if the new Commonwealth is to prosper, its leaders will require a sound plan of social and economic development; one that encompasses all of the major factors relevant to economic growth and social progress.

In this report, the committee has attempted to give its views and recommendations on the kinds of organization and preparatory work that will be required in Phase I to satisfy our transition objectives, plus a recommended budget for the initial year of Phase I.

The following sections deal with specific aspects of Phase I of the transitional period - organization, work requirements, timing and a budget.

Organization

The committee agrees that in order to ensure a timely and effective implementation of the necessary transition measures in a manner acceptable to both sides, the following organizations should be created:

A JOINT MARIANAS U.S. COMMISSION ON TRANSITION

The committee feels that the responsibility for ensuring that the agreements reached by the two sides on transitional steps are carried out as planned is joint. In line with this, the committee recommends that a Joint Commission on Transition be organized with the following five members - The Chairman of the MPSC, The President of the District Legislature, the DISTAD, the Director of the Office of Territorial Affairs, Department of the Interior, and the President's Personal Representative for Micronesian Status Negotiations.

The Commission should have two co Chairmen, and meet at the call of either.

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The main functions of the Commission should be:

1. To ensure that the terms of the ^{other agreement} covenant and all related agreements on transition reached by the Marianas and the U.S. are faithfully executed;
2. To provide an institutionalized channel for close and timely consultation and liaison between the Northern Mariana Islands and the U.S. Government on all significant transitional matters;
3. To formulate general guidelines for all necessary planning and research to be carried out during Phase I on matters of joint concern;
4. To provide policy guidance to the Joint Secretariat and perform whatever additional necessary functions it may decide are appropriate to the implementation of the ^{other agreement} covenant during Phase I.

A SECRETARIAT

To ensure that the general policy on transition and the specific guidelines of the Joint Commission are carried out, the Committee recommends the creation of a full time "executive agent", a Joint Secretariat. This group would in essence be the "operating arm" of the Joint Commission.

It is our recommendation that the Secretariat be staffed by highly qualified professionals appointed by or approved by the Joint Commission, as follows:

1. A Director - preferably a citizen of the Marianas.
2. A Deputy Director, who would act as the Executive Officer - preferably a citizen of the U.S.
3. A political scientist; expert in the field of public administration and constitutional laws;
4. An economist with substantial experience in dealing with problems on economic development.
5. A physical planner.

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6. A liaison officer, who would spend much of his time in Washington. The Secretariat should be headquartered on Saipan and be fully responsible to the Joint Commission. It will also require a small clerical staff.

The Director of the Joint Secretariat would have the power to hire and fire all but the Deputy Director, subject to the approval of the Joint Commission. He should also have the authority to let contracts or to hire expert consultants, within pertinent guidelines furnished by the Joint Commission.

Legal, administrative and other necessary support should be provided by the TT Government or the District ^{Administration} Legislature. Salaries and other requisite financial support for the Secretariat should be provided by the USG through the TTG.

SPECIFIC FUNCTIONS OR RESPONSIBILITIES OF THE SECRETARIAT

1. The primary role of the Joint Secretariat is to "manage" the study program approved by the Joint Commission and to ensure that all of the important steps toward the new political status, such as a constitutional convention, referendum, etc. are carried out on schedule;

2. Be responsible to the Joint Commission for planning, implementation and coordination of all agreed Phase I programs and activities falling under the Joint Commission's responsibility, i.e., serve as the staff arm of the Joint Commission;

3. To utilize in carrying out its responsibilities, to the extent available, the expert advice and services of advisors from the United States Government, the Trust Territory Government and the District Administration;

4. To employ private firms or consultants as may be required to provide special advice or studies;

5. To administer all Phase I funds, and to provide quarterly progress reports to the Joint Commission on Phase I joint activities and to the

Mariana Islands Commission on Phase I activities of concern only to the Mariana Islands Commission.

DETAILED WORK PLAN

The Committee feels that there are two distinct kinds of activities needed to accomplish the transition to a self-governing commonwealth:

1. Research and planning activities; and
2. Specific or scheduled events and activities.

The first of these categories, research and planning, should include two major subdivisions:

1. Studies or planning needs to establish and organize the new government and its initial program; and
2. studies or planning required in the economic and social area.

GOVERNMENT ORGANIZATION PLANNING

We see the need for the following main projects in this area:

A. Studies and Planning for a Constitutional Convention

The MPSC or a special planning or preparatory committee of the district legislature should take the lead in this area, for it is the people of the Marianas who will have to live with the consequences of all planning and related events regarding this critical effort.

The Secretariat should also play a prominent role in the planning phases of this crucial activity.

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B. Research and Planning re the Organization of a New Government of the Marianas and its initial Legislative Program

These tasks are also of primary concern to the MPSC and other political leaders of the district, in our view.

It is our opinion that the principal requirement is to prepare a plan for the reorganization of the current system of government- a blueprint on how best to convert the present governmental structure into a self-governing commonwealth during the transitional period.

This will require a careful and discriminating planning effort. Some select research plus expert advice will be required, but the alternatives are clearly limited and there are instructive precedents.

The main task will be to define the respective roles - authority - of the main organs of the new commonwealth government, particularly the relationship of the central authority to local governmental entities.

→ There is also a need for a plan for the training of public officials and technicians, which should commence early in Phase I.

We also believe that there is need for preparatory work in the drafting of an initial legislative program, although there should be ample time for the Joint Secretariat to review this requirement during the initial months of Phase I.

ECONOMIC AND SOCIAL PLANNING

The Committee supports the view that extensive economic and social infrastructure planning should be initiated during Phase I to enable the new government to define fundamental goals and policies in this area. Such planning will also facilitate agreement on the kinds of external aid or

assistance most relevant to the needs of the Marianas in these areas.

Planning in this area can probably be best done by an appropriate combination of governmental experts, U.S. or local, and private firms or consultants - including experts in such functional areas as agriculture, tourism, land use and management, fishing, government finance, etc.

This category of planning should include all necessary research and planning for the following - (1) the drafting of a general plan for socio-economic development; (2) a fiscal and revenue plan; (3) a physical (infrastructure) plan; (4) a plan covering the retention or extension of U.S. programs and services; and (5) studies regarding the economic and social impact of relocating the Capital of Micronesia.

ECONOMIC AND SOCIAL DEVELOPMENT PLANNING

It is the view of the Committee that first priority should be given to those studies required before final decisions can be made regarding long-range social and economic development goals and programs - including health and educational goals and taking full account of demographic trends, resource availabilities, such as skilled labor, external assistance, etc.

Economic and social development planning should embrace several distinct but inter-related parts - recommendations regarding general development goals - social as well as economic, fiscal and revenue planning, and physical (infrastructure) planning.

It should be the task of the Secretariat to determine what specific research or planning efforts are required to pose and analyze the principal alternatives and suggest solutions most relevant to the situation.

SPECIAL IMPACT STUDIES

There is an obvious need for early and effective planning efforts with respect to the following matters: (1) local impact of relocation of the capital of the TTPI; for example, the need to reassign or find alternative

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employment for displaced personnel; (2) the use of vacated facilities on Capitol Hill; and (3) programs needed to train or retrain government personnel in the Marianas.

FISCAL AND REVENUE PLANNING

The principal need here is to identify possible sources of additional revenue and to analyze alternative fiscal policies. Efforts in this particular area need to take full account of any decisions or guidance based on the work being done in the definition of social and economic development goals and programs.

PHYSICAL - INFRASTRUCTURE - PLANNING

It is clear that a great deal of planning in this area needs to be done during Phase I. The Committee believes that the main requirement is to identify those projects most relevant to the achievement of broader social and economic development goals - i.e., planning in this area must be closely integrated with planning in the two areas above.

In addition, based on a quick survey of existing plans and programs in this area, it is the Committee's opinion that a substantial amount of useful planning has already been done for the District. Full account should be taken of this by those charged with developing an overall, integrated plan.

STUDIES REGARDING THE RETENTION OR EXTENSION OF U.S. PROGRAMS
AND SERVICES

It is our recommendation that the Joint Secretariat be instructed to ensure that a thorough review of all U.S. programs and services of potential value to the new commonwealth be undertaken by qualified experts during the early stage of Phase I. This might be done best under the direction of the liaison officer, who would be spending much of his time in Washington, assisted by a team of USG experts or consultants.

TIMING

The Committee's recommendations in this area are based on the assumption that the status plebiscite will precede rather than follow or occur simultaneously with the constitutional referendum.

We also assume that Phase I begins with the signing of a status agreement and terminates when the new commonwealth government is installed. It is also assumed that the order of events would be the initiation of a program of education on political status (already begun), planning for and organization of a constitutional convention, the status plebiscite, completion of the draft constitution, program of popular orientation regarding the constitution, planning the new government, holding of a constitutional referendum, and the installation of the new government [following U.S. Congressional review and approval, etc.] Necessary planning and related preparatory work in other areas, such as economic and social planning, should of course commence as soon as possible after Phase I begins. In fact, the Committee recommends that as much as possible be done in advance of the beginning of Phase I. For example, the lining-up of personnel for

the Joint Secretariat and preliminary planning or research in the areas most susceptible to the employment of available government resources.

In this regard, the Committee would like to point out that the U.S. is giving high priority to the land cadaster and adjudication programs; hence a great deal of work in this area may be completed prior to the initiation of Phase I.

Finally, it is our recommendation that the Joint Secretariat or the Joint Commission should as a matter of priority, draw-up a detailed time-phased program covering Phase I, plus - since some of the planning efforts will doubtless extend into Phase II.

PROPOSED BUDGET

The U.S. as the Administrating Authority, will be responsible for all Phase I activities, including the expenditure of any U.S. funds on agreed studies or projects. Therefore, the U.S. contribution to any of the above tasks, whether in the form of grants or payments to cover the administrative costs of the Joint Commission or the Secretariat, should be funneled through agents or agencies designated by the U.S.

The proposed budget does not, of course, include the significant contributions already made or which will be devoted by the TTG to projects or activities which should be viewed as an integral part of transition to self-government; e.g., money for land surveys and infrastructure projects.

It should also be recognized that the disbursement of funds for Phase I studies or activities should vary according to the nature of the project. For example, funds for the preparatory work and holding of the constitutional convention should be in the form of direct grants from the U.S. through the TTG to the District Legislature. Conversely, U.S. funds for the support of the Secretariat or for physical planning should pass through the TTG to the Secretariat for appropriate disbursement.

It is recommended that the following suggested allocations be viewed as tentative and subject to transfer to related tasks in accordance with agreed guidelines from the Joint Commission or as determined by the Secretariat; for a high degree of flexibility within broad functional divisions will be required in the interest of good management and timing.

It should also be recognized that additional funds for as yet unidentified special studies or to augment agreed planning tasks may be required during Phase I.

The budget figures proposed below are based upon lengthy discussions in the Committee regarding the probable costs of the agreed planning tasks, special events, administration, etc, during Phase I. The costs of administration continue and, as mentioned above, some additional project funds may be needed later in the phase.

RECOMMENDED PHASE I BUDGET

Administration

| | |
|----------------------------|------------|
| Joint Commission | \$ 10,000 |
| Secretariat | \$ 165,000 |
| Contingencies | \$ 50,000 |
| <u>Sub-Total</u> - - - - - | \$ 225,000 |

Research and Planning

Government Organization

| | |
|---|------------|
| Studies and Planning Constitutional Convention | \$ 50,000 |
| Research and Planning Government Reorganization | \$ 50,000 |
| Initial Legislative Program | \$ 50,000 |
| <u>Sub-Total</u> - - - - - | \$ 150,000 |

Economic and Social Planning

| | |
|---|------------|
| Economic and Social Development Planning | \$ 225,000 |
| Fiscal and Revenue Planning | \$ 50,000 |
| Physical Planning | \$ 225,000 |
| Research U.S. Federal Programs & Services | \$ 50,000 |
| Impact Relocation of Capital | \$ 50,000 |
| <u>Sub-Total</u> - - - - - | \$ 600,000 |

Schedule Transitional Steps

| | |
|---|------------|
| Political Status Education Program & Plebiscite | \$ 50,000 |
| Constitutional Convention | \$ 75,000 |
| Constitution education program and referendum | \$ 50,000 |
| Election new Government | \$ 25,000 |
| <u>Sub-Total</u> - - - - - | \$ 200,000 |

GRAND TOTAL - - - - - \$1,275,000

ATTACHMENT - TOR for Special Ad-Hoc Committee