NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
45TH CONSTITUTION REGULAR SESSION, 2024

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

COMPACT OF FREE ASSOCIATION, AS AMENDED (IMPLEMENTATION) ACT, 2024

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COMPACT OF FREE ASSOCIATION, AS AMENDED (IMPLEMENTATION) ACT, 2024

AN ACT to provide for the implementation of the 2023 Compact of Free Association, as Amended, by giving it the force and effect of law.

BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

§101. Short title.

This Act may be cited as the 2023 COMPACT OF FREE ASSOCIATION, AS AMENDED (IMPLEMENTATION) ACT, 2024.

§102. Interpretation.

In this Act, "the 2023 Compact, as Amended" means the 2023 Compact of Free Association, as Amended and its subsidiary agreements concluded with Government of the United States on October 16, 2023, amending the 2003 Compact, as Amended, as its implementation is affected by the Compact of Free Association Amendments Act of 2024, of March 9, 2024, United States Public Law 118-42.

§103. Implementation of the Compact, as Amended.

(1) Subject to the provisions of the 2023 Compact of Free Association, as Amended Resolution 2024, and this Act, the Compact of Free Association, as Amended shall have the force and effect of law as if enacted by the Nitijela.

(2) The 2023 Compact, as Amended shall be construed and applied in a manner consistent with the provisions of the Constitution of the Marshall Islands and the 2023 Compact of Free Association, as Amended Resolution 2024.

§104. Status of Section 261(g)(1)(h) and (i) Funds of the 2023 Compact, as Amended.

To the extent applicable:

(1) There shall be established a U.S. Supplemental Health Fund which shall be a fund other than the General Fund within the meaning and for purposes of Article VIII, Section 3 of the Constitution. Payments will be made in and out of the Fund in accordance with the 2023 Compact, as Amended, and 2023 Fiscal Procedures Agreement.

(2) There shall be established a Climate Fund which shall be a fund other than the General Fund within the meaning and for purposes of Article VIII, Section 3 of the Constitution. Payments will be made in and out of the Fund in accordance with the 2023 Compact, as Amended, and the 2023 Fiscal Procedures Agreement.

(3) There shall be established a Kwajalein Development Plan Fund which shall be a fund other than the General Fund within the meaning and for purposes of Article VIII, Section 3 of the Constitution. Payments will be made in and out of the Fund in accordance with the 2023 Compact, as Amended, and the 2023 Fiscal Procedures Agreement, provided that no more than 5% of the Fund's balance may be paid out from the Fund within any fiscal year.

§105 Appointments.

All appointments to any Committee, Working Group, or Dialogue under the 2023 Compact, as Amended shall be made by the President in a signed instrument.

§106. Repeal

The Compact of Free Association, As Amended, (Implementation) Act, 2004 (P.L. 2004-01) is hereby repealed to the extent that the 2023 Compact, as Amended amends the 2003 Compact, as Amended.

§107. Effective Date.

This Act shall come into effect on the effective date of the Compact, as Amended, as mutually agreed between the Government of the Republic of the Marshall Islands and the Government of the United States pursuant to Section 411 of Article I of Title Four of the Compact, as Amended.

CERTIFICATE

I hereby certify:

1. That Nitijela Bill No: 9 was passed by the Nitijela of the Republic of the Marshall Islands on the 10th day of April 2024; and

2. That I am satisfied that Nitijela Bill No: 9 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.

I hereby place my signature before the Clerk this 14th day of April 2024.

Brenson S. Wase
Speaker
Nitijela of the Marshall Islands

Attest:

Morean S. Watak
Clerk
Nitijela of the Marshall Islands

Agreement between the Government of the Republic of the Marshall Islands and the Government of the United States of America to Amend the Compact of Free Association, as Amended

The Government of the Republic of the Marshall Islands and the Government of the United States of America (the "Signatory Governments") hereby agree to amend the Compact of Free Association, as Amended, between the Government of the United States of America and the Government of the Republic of the Marshall Islands, done at Majuro on April 30, 2003 (the "Compact, as Amended"), as follows:

Part 1. Title Two Amendments

1. Article I of Title Two of the Compact, as Amended shall be replaced with the following:

"Article I

Grant Assistance

Section 211

(a) Sector Grants. In order to assist the Government of the Republic of the Marshall Islands in its efforts to promote the economic advancement and budgetary self-reliance of its people, and in recognition of the special relationship that exists between the Republic of the Marshall Islands and the United States, the Government of the United States shall provide assistance on a sector grant basis beginning in FY 2004 in the amounts set forth in section 217. Such grants shall be used for assistance in education, health care, the environment, public sector capacity building, and private sector development, or for other areas as mutually agreed, with priorities in the education and health care sectors. Consistent with the medium-term budget and investment framework described in subsection (f) of this section, the proposed division of this amount among the identified areas shall require the concurrence of both the Government of the Republic of the Marshall Islands and the Government of the United States through the Joint Economic Management and Financial Accountability Committee described in section 214. The Government of the United States shall disburse the grant assistance and monitor the use of such grant assistance in accordance with the provisions of this

Article and the Agreement Concerning Procedures for the Implementation of United States Economic Assistance Provided in the Compact, as amended, of Free Association Between the Government of the Republic of the Marshall Islands and the Government of the United States of America, done at Majuro on March 23, 2004 ("2004 Fiscal Procedures Agreement").

(1) Education. United States grant assistance under subsection (a) of this section shall be made available in accordance with the strategic framework described in subsection (f) of this section to support and improve the educational system of the Republic of the Marshall Islands and develop the human, financial, and material resources necessary for the Republic of the Marshall Islands to perform these services. Emphasis should be placed on advancing a quality basic education system.

(2) Health. United States grant assistance under subsection (a) of this section shall be made available in accordance with the strategic framework described in subsection (f) of this section to support and improve the delivery of preventive, curative, and environmental care and develop the human, financial, and material resources necessary for the Republic of the Marshall Islands to perform these services.

(3) Private Sector Development. United States grant assistance shall be made available in accordance with the strategic framework described in subsection (f) of this section to support the efforts of the Republic of the Marshall Islands to attract foreign investment and increase indigenous business activity by vitalizing the commercial environment, ensuring fair and equitable application of the law, promoting adherence to core labor standards, maintaining progress toward privatization of state-owned and partially state-owned enterprises, and engaging in other reforms.

(4) Capacity Building in the Public Sector. United States grant assistance under subsection (a) of this section shall be made available in accordance with the strategic framework described in subsection (f) of this section to support the efforts of the Republic of the Marshall Islands to build effective, accountable, and transparent national and local government and other public sector institutions and systems.

(5) Environment. United States grant assistance under subsection (a) of this section shall be made available in accordance with the strategic framework described in subsection (f) of this section to increase environmental protection; establish and manage conservation areas; engage in environmental infrastructure planning, design construction, and operation; and to involve the citizens of the Republic of the Marshall Islands in the process of conserving their country's natural resources.

(b) Kwajalein Atoll

(1) Of the total grant assistance made available under subsection (a) of this section, the amount specified herein shall be allocated annually from FY 2004 through FY 2023 (and thereafter in accordance with the Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Republic of the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association, as Amended) to advance the objectives and specific priorities set forth in subsections (a) and (d) of this section and the 2004 Fiscal Procedures Agreement through 2023 (and thereafter to advance the objectives and specific priorities set forth in subsection (a) of section 261 and the 2023 Fiscal Procedures Agreement), to address the special needs of the community at Ebeye, Kwajalein Atoll and other Marshallese communities within Kwajalein Atoll. This United States grant assistance shall be made available, in accordance with the medium-term budget and investment framework described in subsection (f) of this section through FY 2023, and thereafter in subsection (c) of section 261, to support and improve the infrastructure and delivery of services and develop the human and material resources necessary for the Republic of the Marshall Islands to carry out its responsibility to maintain such infrastructure and deliver such services. The amount of this assistance shall be $3.1 million, with an inflation adjustment as provided in section 218, from FY 2004 through FY 2013 and the FY 2013 level of funding, with an inflation adjustment as provided in section 218, shall be increased by $2 million for FY 2014. The FY 2014 level of funding, with an inflation adjustment as provided in section 218, shall be made available from FY 2015 through FY 2023 (and thereafter as noted above).

(2) The Government of the United States shall also provide to the Government of the Republic of the Marshall Islands, in conjunction with section 321(a) of this Compact, as amended, an annual payment from FY 2004 through FY 2023 (and thereafter in accordance with the Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Republic of the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association, as Amended) of $1.9 million. This grant assistance shall be subject to the 2004 Fiscal Procedures Agreement through FY 2023, and thereafter to the 2023 Fiscal Procedures Agreement, and shall be adjusted for inflation under section 218 and used to address the special needs of the community at Ebeye, Kwajalein Atoll and other Marshallese communities within Kwajalein Atoll with emphasis on the Kwajalein landowners, as described in the 2004 Fiscal Procedures Agreement through FY 2023, and thereafter in the 2023 Fiscal Procedures Agreement.

(3) Of the total grant assistance made available under subsection (a) of this section, and in conjunction with section 321(a) of the Compact, as amended, $200,000, with an inflation adjustment as provided in section 218, shall be allocated annually from FY 2004 through FY 2023 (and thereafter as provided in the Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Republic of the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association, as Amended) for a grant to support increased participation of the Government of the Republic of the Marshall Islands Environmental Protection Authority in the annual U.S. Army Kwajalein Atoll Environmental Standards Survey and to promote a greater Government of the Republic of the Marshall Islands capacity for independent analysis of the Survey's findings and conclusions.

(c) Humanitarian Assistance - Republic of the Marshall Islands Program. In recognition of the special development needs of the Republic of the Marshall Islands, the Government of the United States shall make available to the Government of the Republic of the Marshall Islands, on the Government of the Republic of the Marshall Islands' request and to be deducted from the grant amount made available under subsection (a) of this section and subsection (a) of section 261, a Humanitarian Assistance - Republic of the Marshall Islands ("HARMI") Program with emphasis on health, education, and infrastructure (including transportation) projects and such other projects as mutually decided. The terms and conditions of the HARMI shall be set forth in the Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Republic of the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association, as Amended.

(d) Public Infrastructure

(1) Unless otherwise agreed, not less than 30 percent and not more than 50 percent of U.S. annual grant assistance provided under subsection (a) of this section shall be made available in accordance with a list of specific projects included in the infrastructure improvement and maintenance plan prepared by the Government of the Republic of the Marshall Islands as part of the strategic framework described in subsection (f) of this section.

(2) Infrastructure Maintenance Fund. Five percent of the annual public infrastructure grant made available under paragraph (1) of this subsection shall be set aside, with an equal contribution from the Government of the Republic of the Marshall Islands, as a contribution to an Infrastructure Maintenance Fund. Administration of the Infrastructure Maintenance Fund shall be governed by the 2004 Fiscal Procedures Agreement through FY 2023.

(e) Disaster Assistance Emergency Fund. Of the total grant assistance made available under subsection (a) of this section, an amount of two hundred thousand dollars ($200,000) shall be provided annually, with an equal contribution from the Government of the Republic of the Marshall Islands, as a contribution to a Disaster Assistance Emergency Fund ("DAEF"). Through FY 2023, any funds from the DAEF may be used only for assistance and rehabilitation resulting from disasters and emergencies. Through FY 2023, the funds shall be accessed upon declaration of a State of Emergency by the Government of the Republic of the Marshall Islands, with the concurrence of the United States Chief of Mission to the Republic of the Marshall Islands. Through FY 2023, the administration of the DAEF shall be governed by the 2004 Fiscal Procedures Agreement.

(f) Budget and Investment Framework. Through FY 2023, the Government of the Republic of the Marshall Islands shall prepare and maintain an official medium-term budget and investment framework. The framework shall be strategic in nature, shall be continuously reviewed and updated through the annual budget process, and shall make projections on a multi-year rolling basis. Each of the sectors and areas named in subsections (a), (b), and (d) of this section, or other sectors and areas as mutually agreed, shall be accorded specific treatment in the framework. Those portions of the framework that contemplate the use of United States grant funds shall require the concurrence of both the Government of the Republic of the Marshall Islands and the Government of the United States.

Section 212 – Kwajalein Impact and Use

The Government of the United States shall provide to the Government of the Republic of the Marshall Islands in conjunction with section 321(a) of the Compact, as amended, and the Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Republic of the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association, as Amended, a payment in FY 2004 of $15 million, with no adjustment for inflation. In FY 2005 and through FY 2013, the annual payment shall be the FY 2004 amount ($15 million) with an inflation adjustment as provided under section 218. In FY 2014, the annual payment shall be $18 million (with no adjustment for inflation) or the FY 2013 amount with an inflation adjustment under section 218, whichever is greater. For FY 2015 through FY 2023 (and thereafter in accordance with the Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Republic of the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association, as Amended) the annual payment shall be the FY 2014 amount, with an inflation adjustment as provided under section 218.

Section 213 – Accountability

(a) Regulations and policies normally applicable to United States financial assistance to its state and local governments, as set forth in the 2004 Fiscal Procedures

Agreement, shall apply to each grant described in section 211, except as modified in the Agreement Concerning Procedures for the Implementation of United States Economic Assistance Provided in the 2023 Amended Compact Between the Government of the Republic of the Marshall Islands and the Government of the United States of America, done at Honolulu on October 16, 2023 ("2023 Fiscal Procedures Agreement"), and to grants administered under section 221 made before FY 2024, except as modified in the separate agreements referred to in section 231 of this Compact, as amended, or by United States law. Through FY 2023, as set forth in the 2004 Fiscal Procedures Agreement, reasonable terms and conditions, including annual performance indicators that are necessary to ensure effective use of United States assistance and reasonable progress toward achieving program objectives, may be attached. In addition, through FY 2023, the Government of the United States may seek appropriate remedies for noncompliance with the terms and conditions attached to the assistance, or for failure to comply with section 234, including withholding assistance.

(b) The Government of the United States shall, for each fiscal year of the twenty years during which assistance is to be provided on a sector grant basis under section 211(a), grant the Government of the Republic of the Marshall Islands an amount equal to the lesser of (i) one half of the reasonable, properly documented cost incurred during such fiscal year to conduct the annual audit required under Article VIII(2) of the 2004 Fiscal Procedures Agreement or (ii) $500,000. Such amount shall not be adjusted for inflation under section 218 or otherwise.

Section 214 – Joint Economic Management and Financial Accountability Committee

The Governments of the Republic of the Marshall Islands and the United States shall establish a Joint Economic Management and Financial Accountability Committee. Through FY 2023, the Joint Economic Management and Financial Accountability Committee shall be governed as follows. The Joint Economic Management and Financial Accountability Committee shall be composed of a U.S. chair, two other members from the Government of the United States and two members from the Government of the Republic of the Marshall Islands. The Joint Economic Management and Financial Accountability Committee shall meet at least once each year to review the audits and reports required under Article I of this Title and the 2004 Fiscal Procedures Agreement, evaluate the progress made by the Republic of the Marshall Islands in meeting the objectives identified in its framework described in subsection (f) of section 211, with particular focus on those parts of the framework dealing with the sectors and areas identified in subsection (a) of section 211, identify problems encountered, and recommend ways to increase the effectiveness of U.S. assistance made available under this Title. The establishment and operations of the Joint Economic Management and Financial Accountability Committee shall be governed by the 2004 Fiscal Procedures Agreement.

Section 215 – Annual Report

Through FY 2023, the Government of the Republic of the Marshall Islands shall report annually to the President of the United States on the use of United States sector grant assistance and other assistance and progress in meeting mutually agreed program and economic goals. Through FY 2023, the Joint Economic Management and Financial Accountability Committee shall review and comment on the report and make appropriate recommendations based thereon.

Section 216 – Trust Fund

(a) The Government of the United States shall contribute annually for twenty years in the amounts set forth in section 217 into a trust fund ("Trust Fund") established in accordance with the Agreement Between the Government of the Republic of the Marshall Islands and the Government of the United States of America Implementing Section 216 and Section 217 of the Compact, as Amended, Regarding a Trust Fund, done at Majuro on April 30, 2003 ("2003 Trust Fund Agreement").

(b) The United States contribution into the Trust Fund described in subsection (a) of this section is conditioned on the Government of the Republic of the Marshall Islands contributing to the Trust Fund at least $25 million, on the effective date of the 2003 Trust Fund Agreement or on October 1, 2003, whichever is later, $2.5 million prior to October 1, 2004, and $2.5 million prior to October 1, 2005. Any funds received by the Republic of the Marshall Islands under section 111 (d) of PL 99-239 (January 14, 1986), or successor provisions, would be contributed to the Trust Fund as a Republic of the Marshall Islands' contribution.

(c) The terms regarding the investment and management of funds and use of the income of the Trust Fund shall be governed by the 2003 Trust Fund Agreement and shall apply for the duration of that agreement. Through FY 2023, funds derived from United States investment shall not be subject to federal or state taxes in the United States or any taxes in the Republic of the Marshall Islands. The 2003 Trust Fund Agreement shall also provide for annual reports to the Government of the Republic of the Marshall Islands and to the Government of the United States. The 2003 Trust Fund Agreement shall provide for appropriate distributions of trust fund proceeds to the Republic of the Marshall Islands and for appropriate remedies for the failure of the Republic of the Marshall Islands to use income of the Trust Fund for the annual grant purposes set forth in section 211. These remedies may include the return to the Government of the United States of the present market value of its contributions to the Trust Fund and the present market value of any undistributed income on the contributions of the Government of the United States.

Section 217 – Annual Grant Funding and Trust Fund Contributions

The funds described in sections 211, 212, 213(b), and 216 shall be made available as follows:

(In millions of U.S. dollars)

FY	Annual Grants Section 211	Audit Grants Section 213(b)	Trust Fund Section 216(a&c)	Kwajalein Impact Section 212	Total
2004	35.2	.5	7	15.0	57.7
2005	34.7	.5	7.5	15.0	57.7
2006	34.2	.5	8	15.0	57.7
2007	33.7	.5	8.5	15.0	57.7
2008	33.2	.5	9	15.0	57.7
2009	32.7	.5	9.5	15.0	57.7
2010	32.2	.5	10	15.0	57.7
2011	31.7	.5	10.5	15.0	57.7
2012	31.2	.5	11	15.0	57.7
2013	30.7	.5	11.5	15.0	57.7
2014	32.2	.5	12	18.0	62.7
2015	31.7	.5	12.5	18.0	62.7
2016	31.2	.5	13	18.0	62.7
2017	30.7	.5	13.5	18.0	62.7
2018	30.2	.5	14	18.0	62.7
2019	29.7	.5	14.5	18.0	62.7
2020	29.2	.5	15	18.0	62.7
2021	28.7	.5	15.5	18.0	62.7
2022	28.2	.5	16	18.0	62.7
2023	27.7	.5	16.5	18.0	62.7

Section 218 – Inflation Adjustment

Except as otherwise provided, the amounts stated in Article I of this Title shall be adjusted for each United States fiscal year by the percent that equals two-thirds of the percent change in the United States Gross Domestic Product Implicit Price Deflator, or 5 percent, whichever is less in any one year, using the beginning of FY 2004 as a base.

Section 219 – Carry-Over of Unused Funds

If in any year the funds made available by the Government of the United States for that year pursuant to this Article are not completely obligated by the Government of the Republic of the Marshall Islands, the unobligated balances shall remain available in addition to the funds to be provided in subsequent years. Beginning in FY 2024, the carry-over of funds provided under sections 211(a) and 211(d) shall be governed by Article XI of the 2023 Fiscal Procedures Agreement."

2. Article II of Title Two of the Compact, as Amended shall be replaced with the following:

"Article II

Services and Program Assistance

Section 221

(a) Services. The Government of the United States shall make available to the Government of the Republic of the Marshall Islands, in accordance with and to the extent provided in the Federal Programs and Services Agreement referred to in section 231, the services and related programs of:

(1) the United States Weather Service;

(2) the United States Postal Service;

(3) the United States Federal Aviation Administration;

(4) the United States Department of Transportation;

(5) the Federal Deposit Insurance Corporation; and

(6) the Federal Emergency Management Agency of the Department of Homeland Security and the United States Agency for International Development.

The United States Departments and Agencies named or having responsibility to provide these services and related programs shall have the authority to implement the relevant provisions of the Federal Programs and Services Agreement referred to in section 231.

(b) Programs

(1) Other than the services and programs covered by subsection (a) of this section, and to the extent authorized by the Congress of the United States, the Government of the United States shall make available to the Government of the Republic of the Marshall Islands the services and programs that were available to the Government of the Republic of the Marshall Islands on May 1, 2004, to the extent that such services and programs continue to be available to State and local governments of the United States.

(2) Unless provided otherwise by United States law, the services and programs described in paragraph (1) of this subsection shall be extended in accordance with the terms of the Federal Programs and Services Agreement referred to in section 231.

(c) The Government of the United States shall have and exercise such authority as is necessary to carry out its responsibilities under this Title and the Federal Programs and Services Agreement referred to in section 231, including the authority to monitor and administer all service and program assistance provided by the Government of the United States to the Government of the Republic of the Marshall Islands.

(d) Except as provided elsewhere in this Compact, as amended, under any separate agreement entered into under this Compact, as amended, or otherwise under United States law, all federal domestic programs extended to or operating in the Republic of the Marshall Islands shall be subject to all applicable criteria, standards, reporting requirements, auditing procedures, and other rules and regulations applicable to such programs and services when operating in the United States.

(e) The Government of the United States may make available to the Government of the Republic of the Marshall Islands alternate energy development projects, studies, and conservation measures to the extent provided for the Freely Associated States in the laws of the United States.

Section 222

The Government of the Republic of the Marshall Islands and the Government of the United States may decide from time to time to extend to the Republic of the Marshall Islands additional United States grant assistance, services, and programs, as provided under the laws of the United States. Unless inconsistent with such laws, or otherwise specifically precluded by the Government of the United States at the time such additional grant assistance, services, or programs are extended, the Federal Programs and Services Agreement referred to in section 231 shall apply to any such assistance, services, or programs.

Section 223

The Government of the Republic of the Marshall Islands shall make available to the Government of the United States at no cost facilities and areas in the Republic of the Marshall Islands as may be necessary for the operations of the services and programs provided pursuant to this Article and set forth in the Federal Programs and Services Agreement referred to in section 231, or as may be mutually agreed thereafter.

Section 224

The Government of the Republic of the Marshall Islands may request, from time to time, technical assistance from the federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with United States laws. If technical assistance is granted pursuant to such a request, the Government of the United States shall provide the technical assistance in a manner which gives priority consideration to the Republic of the Marshall Islands over other recipients not a part of the United States, its territories or possessions, and equivalent consideration to the Republic of the Marshall Islands with respect to other states in Free Association with the United States. Such assistance shall be made available on a reimbursable or non-reimbursable basis to the extent provided by United States law."

3. Article III of Title Two of the Compact, as Amended shall be replaced with the following:

"Article III

Administrative Provisions

Section 231

The specific nature, extent, and contractual arrangements of the services and programs provided for in section 221 of this Compact, as amended, as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in the Republic of the Marshall Islands, and other arrangements in connection with the assistance, services, or programs furnished by the Government of the United States, are set forth in a Federal Programs and Services Agreement.

Section 232

The Government of the United States, in consultation with the Government of the Republic of the Marshall Islands, shall determine and implement procedures for audits, as appropriate, of all grants and other assistance provided under Article I and Article VI of this Title and of all funds expended for the services and programs provided under Article II of this Title.

Section 233

The Government of the Republic of the Marshall Islands pledges to cooperate with, permit, and assist if reasonably requested, designated and authorized representatives of the Government of the United States charged with investigating whether Compact funds, or any other assistance authorized under this Compact, as amended, have been, or are being, used for purposes other than those set forth in this Compact, as amended, or its subsidiary agreements. In carrying out this investigative authority, such United States Government representatives may request that the Government of the Republic of the Marshall Islands subpoena documents and records and compel testimony in accordance with the laws and Constitution of the Republic of the Marshall Islands. Such assistance by the Government of the Republic of the Marshall Islands to the Government of the United States shall not be unreasonably withheld. The obligation of the Government of the Republic of the Marshall Islands to fulfill its pledge herein is a condition to its receiving payment of such funds or other assistance authorized under this Compact, as amended. The Government of the United States shall pay any reasonable costs for extraordinary services executed by the Government of the Republic of the Marshall Islands in carrying out the provisions of this section."

4. A new Article VI shall be added at the end of Title Two of the Compact, as Amended and shall read as follows:

"Article VI

Continued Economic Assistance and Accountability

Section 261 – Grants

(a) Sector Grants. The Government of the United States shall provide assistance on a sector grant basis as set forth in section 266, subject to the provisions of the 2023 Fiscal Procedures Agreement. These sector grants shall be used for assistance in the sectors of education, health care, private sector development, public sector capacity building, the environment, public infrastructure, enhanced reporting and accountability, and Enewetak development, or for other sectors as mutually decided. The Government of the United States shall monitor the use of such sector grants in accordance with the provisions of this Article and the 2023 Fiscal Procedures Agreement.

(1) Education. United States grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section to support and improve the educational system of the Republic of the Marshall Islands and develop the human, financial, and material resources necessary for the Government of the Republic of the Marshall Islands to perform these services. Emphasis should be placed on advancing a quality basic education system.

(2) Health. United States grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section to support and improve the delivery of preventive, curative, and environmental care and to develop the human, financial, and material resources necessary for the Government of the Republic of the Marshall Islands to perform these services.

(3) Private Sector Development. United States grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section to support the efforts of the Government of the Republic of the Marshall Islands to attract foreign investment and increase indigenous business activity by vitalizing the commercial environment, ensuring fair and equitable application of the law, respecting and promoting internationally recognized fundamental rights at work, maintaining progress toward privatization of state-owned and partially state-owned enterprises, and engaging in other reforms.

(4) Capacity Building in the Public Sector. United States grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section to support the efforts of the Government of the Republic of the Marshall Islands to build effective, accountable, and transparent national, state, and local government and other public sector institutions and systems.

(5) Environment. United States grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section to increase environmental protection; establish and manage conservation areas; engage in environmental infrastructure planning, design, construction, and operation; and to involve the citizens of the Republic of the Marshall Islands in the process of conserving their country's natural resources.

(6) Public Infrastructure. United States annual grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section and for projects included in the plan described in Article VII(2) of the 2023 Fiscal Procedures Agreement to assist the Government of the Republic of the Marshall Islands in its efforts to provide adequate public infrastructure.

(7) Enhanced Reporting and Accountability. United States grant assistance under subsection (a) of this section shall be made available in accordance with the plan described in subsection (c) of this section to support the efforts of the Government of the Republic of the Marshall Islands to address the costs of compliance inherent in implementing its obligations with respect to sector grant assistance.

(8) Enewetak Development. United States grant assistance under subsection (a) of this section shall be available in accordance with the plan described in subsection (c) of this section to support measures and activities related to development programs for Enewetak, which due to its location and lack of arable land would particularly benefit from assistance with procurement, storage, transportation, administration, and provision of food items.

(b) Infrastructure Maintenance Fund. Beginning in FY 2024, contributions to and administration of the Infrastructure Maintenance Fund shall be governed by the 2023 Fiscal Procedures Agreement.

(c) Budget and Investment Framework. Beginning in the fiscal year after which the 2023 Fiscal Procedures Agreement enters into force, the Government of the Republic of the Marshall Islands shall prepare and maintain an official medium-term budget and investment framework. The framework shall be strategic in nature, shall be continuously reviewed and updated through the annual budget process, and

(2) From FY 2024 through FY 2043, the Government of the United States shall make available up to $8 million in annual grant assistance to deposit into the U.S. Supplemental Health Fund, subject to the provisions of the 2023 Fiscal Procedures Agreement. Such assistance may only be used for the purpose of implementing health programs mutually decided in writing by the Government of the Republic of the Marshall Islands and the Government of the United States, which may include programs recommended by the Joint Health Dialogue.

(3) The U.S. Supplemental Health Fund is subject to the provisions of the 2023 Fiscal Procedures Agreement.

(h) Climate Fund and Working Group. In FY 2024, the Government of the United States shall make available $20 million in grant assistance to deposit into a fund (the "Climate Fund") to obtain additional assistance to better enable the Republic of the Marshall Islands to cope with challenges from climate impacts, including sea-level rise and other environmental challenges that could threaten the existence of the Republic of the Marshall Islands. The Climate Fund may only be used to obtain such additional assistance for climate needs through ways that are identified by a joint climate working group (the "Climate Working Group") to be established pursuant to and governed by the provisions of the 2023 Fiscal Procedures Agreement, and that are mutually decided in writing by the Government of the Republic of the Marshall Islands and the Government of the United States. The Climate Fund is subject to the provisions of the 2023 Fiscal Procedures Agreement.

(i) Kwajalein Development Plan Fund. In FY 2024, the Government of the United States shall make available $132 million in grant assistance to deposit into a fund (the "Kwajalein Development Plan Fund") for projects described in the plan adopted in March 2022 by the Government of the Republic of the Marshall Islands to facilitate resilience and healthy communities throughout Kwajalein Atoll, or, subject to the mutual written decision of the Signatory Governments, a successor plan. The Kwajalein Development Plan Fund shall be subject to the provisions of the 2023 Fiscal Procedures Agreement.

(j) Nuclear Testing Transparency and Museum. Beginning in FY 2024, the Government of the United States shall make available to such entity or entities as selected by mutual decision of the Government of the Republic of the Marshall Islands and the Government of the United States, to be available until expended, $10 million in grant assistance to improve the accessibility of documents and information previously provided to the Government of the Republic of the Marshall Islands relating to the United States nuclear testing program, including waste disposal, in the Republic of the Marshall Islands. In addition, beginning in FY 2024, the Government of the United States shall make available to the College of the Marshall Islands or another entity or entities as selected by mutual decision of the Government of the Republic of the Marshall Islands and the Government of the

United States, to be available until expended, $5 million in grant assistance to support efforts by the Government of the Republic of the Marshall Islands, including its National Nuclear Commission, to establish a museum and research facility on the United States nuclear testing program. The Government of the United States may attach any terms and conditions to such assistance.

Section 262 – Accountability

(a) The 2023 Fiscal Procedures Agreement shall apply to grant assistance described in section 261(a), section 261(b), section 261(d), section 261(e), section 261(f), section 261(g), section 261(h), and section 261(i); grant assistance provided under section 211(b) made in FY 2024 or later; and grant assistance provided under section 221 made in FY 2024 or later, except as modified in the Federal Programs and Services Agreement or by United States law. Beginning in FY 2024, and consistent with the 2023 Fiscal Procedures Agreement, the Government of the United States may attach reasonable terms and conditions to any United States assistance provided under this Article and may seek appropriate remedies for noncompliance with such terms and conditions or for failure to comply with section 234, including the withholding of such assistance.

(b) The cost of the annual audit required under Article X(2) of the 2023 Fiscal Procedures Agreement shall be borne by the Government of the Republic of the Marshall Islands and may be paid for from the amounts made available for sector grants described in section 261(a).

Section 263 – Joint Economic Management and Financial Accountability Committee

Beginning in FY 2024, the Joint Economic Management and Financial Accountability Committee shall be governed by the 2023 Fiscal Procedures Agreement and shall be composed of a U.S. chairperson, one other member from the Government of the United States, and two members from the Government of the Republic of the Marshall Islands.

Section 264 – Biennial Report

Beginning in FY 2024, and every two years thereafter until two years after all grants provided to the Government of the Republic of the Marshall Islands under Article I and Article VI of this Title are closed out, the Government of the Republic of the Marshall Islands shall report to the President of the United States on the use of such assistance and other assistance provided by the Government of the United States during the previous two fiscal years, and on the progress of the Government of the Republic of the Marshall Islands in meeting program and economic goals. The Joint Economic Management and Financial Accountability Committee shall review and comment on the report and make appropriate recommendations based thereon.

Section 265 – Trust Fund

(a) The Government of the United States shall contribute the amounts set forth in section 266 to the Trust Fund to be used in accordance with the Agreement Between the Government of the United States of America and the Government of the Republic of the Marshall Islands Regarding the Compact Trust Fund, done at Honolulu on October 16, 2023 ("2023 Trust Fund Agreement").

(b) Upon its entry into force, the 2023 Trust Fund Agreement, or any successor agreement, shall govern the Trust Fund and all contributions made pursuant to this Title and shall provide for:

(1) Exemption from federal and state taxes in the United States and the Republic of the Marshall Islands of all funds derived from the United States investment;

(2) Annual reports to the Government of the Republic of the Marshall Islands and the Government of the United States;

(3) Distributions from the Trust Fund to provide the Government of the Republic of the Marshall Islands with sources of revenue to help meet needs of people in the Republic of the Marshall Islands;

(4) Fiscal procedures that are sufficient to provide oversight of the Trust Fund, including for expending of and accounting for distributions, and to ensure that distributions are used for the purposes described in the 2023 Trust Fund Agreement;

(5) A Trust Fund Committee composed of three voting members appointed by the Government of the United States, to include the chair of the Trust Fund Committee, two voting members appointed by the Government of the Republic of the Marshall Islands, and one voting member appointed by Taiwan; and

(6) Appropriate remedies for the gross failure of the Government of the Republic of the Marshall Islands to use Trust Fund distributions in accordance with the 2023 Trust Fund Agreement, to include the return to the Government of the United States of the present market value of its contributions to the Trust Fund and the present market value of any undistributed income derived therefrom.

(c) If this Compact, as amended, is terminated, the provisions of sections 451 through 453 of this Compact, as amended, shall govern the treatment of any United States contributions to the Trust Fund and any undistributed income derived therefrom.

Section 266 – Sector Grant Funding and Trust Fund Contributions

The funds described in sections 261(a) and 265 shall be made available as follows:

(In thousands of U.S. dollars)

FY	Sector Grants (Section 261(a))	Trust Fund (Section 265)	Total
2024	50,000	200,000	250,000
2025	51,000	200,000	251,000
2026	52,020	200,000	252,020
2027	53,060	100,000	153,060
2028	54,122	--	54,122
2029	55,204	--	55,204
2030	56,308	--	56,308
2031	57,434	--	57,434
2032	58,583	--	58,583
2033	59,755	--	59,755
2034	60,950	--	60,950
2035	62,169	--	62,169
2036	63,412	--	63,412
2037	64,680	--	64,680
2038	65,974	--	65,974
2039	67,293	--	67,293
2040	68,639	--	68,639
2041	70,012	--	70,012
2042	71,412	--	71,412
2043	72,841	--	72,841

Section 267 – Carry-Over of Unused Funds

All funds made available under this Article shall be available until expended. The carry-over of unused funds made available under this Article shall be governed by Article XI of the 2023 Fiscal Procedures Agreement."

Part 2. Title Four Amendments

Article V of Title Four of the Compact, as Amended shall be amended as follows:

a. The word "twentieth" shall be replaced with the word "fortieth";

b. "Trust Fund Agreement" shall be replaced with "2023 Trust Fund Agreement";

c. In Sections 451(b), 452(b), and 453(c), "section 216" shall be replaced with "section 265"; and

d. In Sections 451(c), 452(c), and 453(d), "section 216" shall be replaced with "section 216 and section 265".

Part 3. Final Provisions

1. This Agreement shall enter into force on the date of the later note in an exchange of notes between the Signatory Governments indicating that each Signatory Government has completed its internal procedures for entry into force.

2. The Signatory Governments may mutually agree to continue the provision of sector grants and federal programs and services beyond fiscal year 2043 at the same levels and subject to similar favorable terms identified in the amendments described in Part 1 of this Agreement and the Agreement Concerning Procedures for the Implementation of United States Economic Assistance Provided in the 2023 Amended Compact Between the Government of the Republic of the Marshall Islands and the Government of the United States of America, done at Honolulu on October 16, 2023.

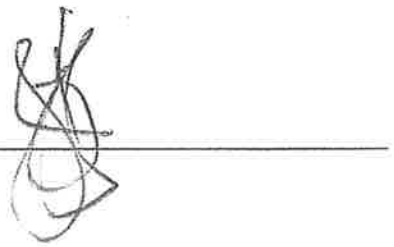
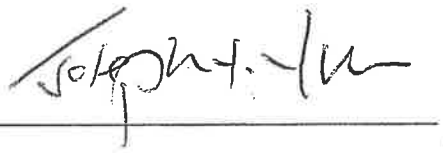
3. Prior to fiscal year 2044 and every 20 years thereafter, the Signatory Governments shall conduct joint reviews of the needs of the Republic of the Marshall Islands and its progress in meeting development objectives.

4. Nothing in this Agreement affects or otherwise alters the agreement referred to in Section 462(a)(1) of the Compact, as Amended.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this Agreement.

DONE at Honolulu, on October 16, 2023, in duplicate, in the English language.

FOR THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS:



FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA: