

The Cost Breakdown of the Biden Administration’s Proposed Compact of Free Association Amendment Act of 2023 as Provided in the Legislative Proposal and the Memorandum of Understanding (MOU)

A chart that compiles information on economic assistance contained in the MOUs and any subsequent changes to those activities in the legislative proposal is found in the table below.

| Federated States of Micronesia (FSM) – Legislative Proposal Funding Provisions | | | | | |
|---|---|----------------|--------------|----------------------|--|
| Provision | Description | Funding | Years | Total | Change from 2003 FSM & RMI COFA |
| Annual economic assistance | Sector grants for education, health, private sector development, capacity building in the public sector, environment, etc.) and the infrastructure maintenance fund | \$140 million | 20 | \$2.8 billion | \$1.2 billion increase (74 percent) |
| Annual Trust Fund installments | FSM Trust Fund | \$250 million | 2 | \$500 million | \$17 million decrease (3.2 percent) |
| FSM TOTAL | | | | \$3.3 billion | \$1.2 billion increase (55 percent) |

Republic of Palau – Legislative Proposal Funding Provisions

| Provision | Description | Funding | Years | Total | Percent change from 2010 CRA |
|---|--|----------------|--------------|--------------------|---|
| Annual economic assistance | Grant assistance for purposes related to purposes related to education, health, climate adaptation and the environment, the administration of justice, and public safety | \$24 million | 20 | \$486 million | \$356 million increase (273 percent) |
| Infrastructure Projects | New infrastructure projects | \$6 million | 20 | \$121.5 million | \$101 million increase (507 percent) |
| Infrastructure Maintenance Fund | Maintaining Palau's infrastructure | \$6 million | 20 | \$121 million | \$107 million increase (767.7 percent) |
| Annual installments for Section 211(f) Fund | Trust Fund | \$50 million | 2 | \$100 million | \$35 million increase (53.8 increase) |
| Fiscal Consolidation Fund | Debt relief | \$10 million | 6 | \$60 million | New funding |
| Palau TOTAL | | | | 889 million | \$599 million increase (288 percent increase) |

Republic of the Marshall Islands (RMI) – MOU Funding Provisionsⁱ

| Provision | Descriptionⁱⁱ | Funding | Years | Total | Change from 2003 FSM & RMI COFA |
|--|---------------------------------|----------------|--------------|---------------|--|
| Annual economic assistance | Unknown | \$50 million | 20 | \$1 billion | \$278 billion increase (38.5 percent) |
| Healthcare | Unknown | \$8 million | 20 | \$160 million | New funding |
| Joint strategic health dialogue | Unknown | \$20 million | 1 | \$20 million | New funding |
| Climate change technical assistance | Unknown | \$20 million | 1 | \$20 million | New funding |
| Environmental programs | Unknown | \$20 million | 1 | \$20 million | New funding |
| Nuclear legacy | Unknown | \$15 million | 1 | \$15 million | New funding |
| Kwajalein Atoll Masterplan | Unknown | \$132 million | 1 | \$132 million | New funding |
| Supplemental Education Grants | Unknown | \$22 million | 1 | \$22 million | New funding |
| Repurposed Trust Fund (2024, 2025, 2026) | Unknown | \$200 million | 3 | \$600 million | See below |
| Repurposed Trust Fund (2027) | Unknown | \$100 million | 1 | \$100 million | Total change between 2003 Trust Fund and Repurposed Trust Fund: \$424 million increase (153.6 percent) |
| Inflation adjustment | Unknown | \$211 million | 1 | \$211 million | New funding |

| Republic of the Marshall Islands (RMI) – MOU Funding Provisions ⁱ | | | | | |
|--|--|--|--|----------------------|--------------------------------------|
| RMI TOTAL | | | | \$2.3 billion | \$1.3 billion increase (130 percent) |

ⁱ Amounts for the RMI are still subject to change because the MOUs are not binding.

ⁱⁱ The RMI MOU did not provide descriptions for the various funding provisions. This information will not be available from the Administration until the U.S. and the RMI reach an agreement and the Biden administration sends the agreement to Congress.