

*[Insert Salutation]*

*Siro. Ma kamagar gad.*

Every four years, we go to the poll to decide our government leaders... to decide who to navigate our course for the next four years. Each of us makes this decision with the hope that our leaders set ahead a path that will take us to a better tomorrow, for ourselves, our children, and the generations to come.

James and I are truly honored to be given this opportunity. Yet, we are acutely humbled by the awesomeness of its responsibility, realizing that the mantle for effective governance cannot be carried by one man alone, that our peoples' hope turns on our ability to converge our leaders to a common cause of charting our path forward.

This is a task that must begin with a look at the trails of our past, and where we are today.

Ours has been a long journey. I'm reminded of a time when we, as a Yapese people, were truly self-sufficient and independent... when our ancestors needed only our lands, our seas, and each other to live in a fulfilling and self-sustaining society.

They lived by an honored code of traditional norms that gave them a system of laws and order... that was premised on the virtue of the common good for all first and foremost... that ensured the sustainable use of their resources... that maintained for them a self-subsistent economy in the purest sense. They did not need what lied beyond the reaches of their canoes.

They did not need other nations to give them financial assistance. They mined their currencies from the reef and from the rock islands of Palau!

When they got sick, they did not sail to the Philippines, or Guam, or Hawaii, or Palau! They drew from nature the medicine for the diseases of their time.

They had the fortitude to construct and maintain a network of stone paths that linked villages and brought communities closer together. There were no potholes!

They did not rely on paid teachers to educate their children in literature, science and math. Grandparents, parents, uncles, aunts, other elder family members, and community members were effective teachers of what children needed to learn then.

What we require to meet our needs today are as different as the time then and now. In the globalized and interdependent economy that has reached our shores, money is indispensable.

The government needs money to function. To provide for healthcare, education, build and maintain key infrastructures, ensure a system of law and order, and provide other basic public services.

Similarly, our families need money to secure the necessities of our daily lives. To pay for medical bills when we get sick. To pay for the costs of books, pencils, tuition, and other costs of educating our children. To pay for the costs of transporting our children to and from school, and the costs of our own transportation and to and from work. And to pay for the costs of so much of our daily household needs... like electricity, running water, the food we eat, and the fuel to cook them with.

If we pause and think about it, from this morning to this very moment, each one of us in this gym today, and every State government agency, has used or is now using a good or service, that costs money.

But as money has become a pervading necessity in our daily public and individual lives, the stark reality is that... we are reliant on others for financial assistance.

For decades, starting at the end of the second World War, throughout the period of Trust Territory governance, from the birth of our statehood to this moment, these financial assistance have been coming in. The popular term for this today is 'ODA' – Official Development Assistance.

However we want to call it, it is the hand that has always been meant to help us stand on our own two feet in the modern world.

It is the seed that is meant to trigger key infrastructure development, bear and stimulate economic growth, create jobs, nurture a government tax revenue base... and at the end of the day... give us the means to forge for ourselves a sense of self-dependence.

But I think that we all can agree that we have been falling short in this endeavor. So the path forward must be a renewed commitment to the achievement of self-dependence.

We must move ourselves forward to a point where we are less reliant on others for financial assistance. We must ensure that when their time arrives, our children will inherit from us a State that is self-dependent, not reliant.

As the dawn of each day takes us closer and closer to the end of Compact II economic assistance, we must remind ourselves of one basic truth: Foreign financial assistance is not going to be perpetual... nor do we want ourselves as a people to be a perpetual ward to others.

So governance for the next four years must have in its crosshair the building blocks for self-dependence... the first of which must be a strong and unified State Leadership.

The State Leadership must converge to the common cause of what is truly in the best interest of the State. We must look beyond politics in search of the common good. We must

set aside inter-branch partisanship, and find the courage to do what is right... even if it is unpopular.

We must always remind ourselves that every challenge is an opportunity for us to come together, to meet and speak in person as the State Leadership, in search of one voice... a unified voice that sets the policies that are genuinely in the best interest of the State, and the Yapese people, now and for the long-term.

Good policies always make good politics. Good politics does not always make good policies.

And so this must be the spirit by which we approach governance. We must resist being pulled apart along the divide of public opinion, and hold firm to the unyielding conviction... that our true calling is not to lead according to the tone of public opinion, but to be genuine to the best interest of the Yapese people. That is what the Yapese people elected us to do... to come together to make the decisions we genuinely believe to be in their best interest... not to fend off and pass difficult questions back to them.

The next building blocks that are intrinsic to the path to self-dependence are the Health, Education, and Infrastructure sectors.

We have achieved great strides in the Health sector. We have renovated hospital facilities, brought in better medical equipment and supplies, instituted outreach curative and preventive medical programs, and given more training to our healthcare workers.

In Education, we have also seen great improvement. The Tomilang Elementary School and the ECE building have been completed... and new classrooms are being constructed at the High School. COM has been turning out graduates in many academic fields. And programs have been put in place to train and certify teachers.

For Infrastructures, pavement of the loop road, and the road from the airport to Gilman, and re-surfacing of the pavement from the hospital road all the way to Tagreng have been

completed. We have operating runways here on the main island, Fais, and Ulithi. We have built a wharf, and expanded our harbor, to serve larger vessels.

While these are great accomplishments... we still have a long way to go.

Our healthcare system still doesn't have the capacity to treat most serious illnesses. As a result, medical referrals under the Medical Referral Program have been a growing expense for the government. And the families that do not qualify under the Medical Referral Program, and do not have insurance, are being tremendously burdened with costs of referral, often above their means, for illnesses that can't be treated at our hospital.

To cut down on medical expenses, we have to make preventive programs more effective, develop our capacity to treat major illnesses locally, and ensure that our people have the means to acquire insurance to make medical costs more affordable. These will require more proactive community outreach programs, providing the right job incentives for our students who specialize in medical fields to come back home, and create the job and market opportunities for our people to be able to afford health insurance.

In the Education sector, not all the teachers have met certification requirements. There are schools that still lack adequate equipment and supplies. Our public school system fares low in accreditation ranking. And we don't have a vocational program, either at the high school or college level, that graduates students ready to fill the void for vocational skills. The number of Yapese graduating from college with professional degrees pales in comparison to the state and national demands for engineers, doctors, lawyers, accountants, entrepreneurs, marine biologists, and other professionals.

We need to expand investment in our school system and teachers so that we have the right facilities to educate and prepare our children to succeed in the rigors of higher education. Then we need to ensure that there are opportunities and incentives for them to return home.

For infrastructures, our bridges direly need to be re-strengthened or re-built. Portions of earlier road pavement have too many old and expanding potholes that have never been met with adequate remedy. There are still communities whose dirt roads need to be paved. The runway in Woleai needs to be repaired in order to admit flights. While we a have runway here on the main island that meets our current need, it would serve us better to make the terminal facility more accommodating to visitors who patronize our visitor industry. With the problems we have been encountering with the Hapilmohol, we need a more durable and reliable vessel to serve as our main artery to the Outer Islands.

Doing all these will require capital... money that we can't source on our own. So with the little time that we have now until Compact II economic assistance ends in 2023, we have to ramp up our efforts to utilize Compact II grants and other foreign assistance to put in these building blocks as our path towards self-dependence.

There is no more time to waste.

We can't wait for 2023 to turn around the corner. Too many years have seen our share of compact infrastructure allocations being stuck in the abyss of procrastination and bureaucracy. With the little time that Compact II and other financial assistance is available to us, we need to double down on our efforts in working with the National Government and JEMCO to ensure a seamless development of our infrastructure, health, education and other key sectors. If not, when foreign assistance ends, we will find ourselves without the means to these ends.

To illustrate this point, I want to make an observation: The annual operation budget of our government each year is around \$18 million dollars. That's how much it has been costing our government to remain open and provide services each year. And each year, the government has been able to fund only around \$4 million dollars of its operation budget out of local revenue. This means that the government has been relying on foreign assistance, particularly Compact II grants, for about 78% of its annual operation budget.

So imagine if this were the year 2023, and we are still where we are... most government services will have to shut down!

By 2023, the government must have in place, the means by which to fund its operation on its own... not just for a few more years, but permanently. This brings me to the 5<sup>th</sup> building block for self-dependence... the Private sector.

I don't not have the official government economic data, but I have been in the private sector long enough to see the trend. Our economy had been stagnant and is shrinking. It is evident thru the contraction of commercial activities, dwindling business returns, and a growing business and consumer difficulty in servicing debts. The private sector, which is struggling to remain afloat almost entirely on government salaries, purchases, and projects, is in dire need of other market opportunities to grow.

The irony is... while the private sector now largely relies on the public sector, the public sector relies on the private sector as the primary tax base for local revenue. So one of them has to grow for the other to gain. When one grows and the other gains, we as a society benefit from increased job and market opportunities, a vibrant economy, and a well-resourced government.

So it is incumbent upon the government to enact and maintain laws that stimulate, rather than depress, private sector growth.

Laws like a land registration Act that can effectively lead to the survey and registration of interests in land... and that establishes a Land Court that can efficiently resolve land disputes. Certainty of interest in land is a prerequisite for any business-- local or foreign-- to locate, build and invest.

Laws like a tax regime that is more business friendly, such as the Value Added Tax. I understand that some constitutional concerns have stymied work in this area. But I believe

that the Constitution was meant to be an enduring document, that can meet the realities and challenges of the time. So there has to be a way forward.

Laws like a foreign investment legislation that is transparent and incentivizes, rather than discourages, foreign investment.

Laws that regulate new enterprises that can create new jobs and bring in new revenue. These laws can be designed to contain the vices that may come with new enterprises. But ultimately, we must realize... that the vices that will hurt our society the greatest... are the vices that poverty will eventually breed if we fail to foster economic growth.

With the largest EEZ in the FSM, the sea hold much of our natural resources. Yet, they have been under-utilized as a source of revenue. We have to encourage private sector investment in a sustainable export industry around fisheries and aquaculture.

This is a sector that is normally capital-intensive. Our citizens may not have the means to bring in the capital assets and the know how to start this industry and find a market that will sustain it. This is where the government must put in capital to start up the industry, connect it to market, and nurture it to success.

Once it succeeds, the government should recoup its investment thru divestment of interest to our citizens **in an equitable manner**... so that it becomes fully a part of the private sector. Once that is done, the government can then use its recouped investment to start the next development.

I see our culture of work as the 6<sup>th</sup> building block. Government programs and policies are as good as the way we implement them. So sincere commitment and dedication of the government workforce is critical to our success. But simply urging on commitment and dedication has made very little difference in the past.



We need to create a specialized and professional performance audit agency within government... which regularly and objectively audits performance, and recommends rewards for productivity and reprimands for deficiencies. If we don't institute a professional performance audit regime, the chances are that next 4 years will be a mirror image of yesteryears... with the same result we see today.

And so this is pivotal. And, yes, it will be an add-on to our wage bill. But it will impel a more effective government if it's done the right way. The return will be worth it.

Self-supporting individuals, who take pride in their independence, in their abilities to support themselves, their families, and their communities are the underlying veins to one of the building blocks for self-dependence. We must do the things that we can for ourselves before we turn elsewhere.

If our environment allows us to grow certain crops that we consume, we have to grow instead of import them. If we can farm and produce the pork and poultry that we consume instead of importing them, we should. These are just a few examples of the things we can do for ourselves. We need to supplement as much of our imports as we can with domestic productions.

I know that there are a few individual farmers doing some of these now. I commend them for it. But it is important to ensure that domestic production can compete with imports in terms of quality, reliability of supply, and pricing. Otherwise, they are destined to struggle and eventually go under.

This is an area in which the government once implemented programs to assist individual farmers with... but failed, and then ceased. The government shouldn't throw up its hands now and say, "this did not work". We need to work harder, learn from our failures, and come back with better programs to promote viable domestic productions.

Finally, a strong Traditional Authority is another building block that is invaluable to our voyage towards self-dependence. As elected leaders, we must not marginalize Traditional Authority or its roles and functions in government... we must give Traditional Authority our candid support and respect... we must realize that a strong and respected Traditional Authority is in everyone's interest.

We must not forget that, without Traditional Authority, the government may not have secured the easements it needed to build our roads... our airports... our hospital... our wharf... and our schools. The civil order and peace, and the sense of community cohesiveness, that we enjoy in the State spring from the norms of customs and traditions that only Traditional Authority can uphold.

But as respect can be earned, so can it be lost. To this end, I implore the Councils of Pilung and Tamol to tighten their traditional ties to their villages and communities. Your traditional ties to your villages and communities are the reasons behind why the 2 Councils have seats in the halls of government. Your villages and communities are your power bases. Their support and unification behind you is fundamental to the efficiency by which you execute your roles in government and in your communities.

So I appeal to you to re-emphasize your connections to your fellow community leaders and elders. Continually engage them in consultation for their views and support on matters of substance. As elected leaders and traditional leaders must unify, so must communities with their traditional leaders. This way, we can be a more close-knit society with a greater determination to work together in building the blocks for self-dependence.

The challenges in our path are big and many. But they have to be overcome. Failure will be mortal to the well-being of our future and the future of our children and generations to come.

If we, as the State Leadership unify above politics, to enact the laws and build and promote the sectors and industries that will lead to real self-dependence... if we put the common

good first, and the best interest of our people above all else... if we do for ourselves what we can instead of relying on others for them... if we take strength from our heritage as a proud and independent people... we shall overcome our challenges.

This is our journey from this moment. May God Bless us in this journey. And May God Bless the State of Yap and this Nation. Thank you. *Ma kamagar gad.*