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Marianas Visitors Authority

Citizen-Centric Report Fiscal Year 2021

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Who We Are

Pursuant to Public Law 11-15 Section 5, Public Law 13-5, Public Law 13-9, and Executive Order 03-02 of March 10, 2003, the Marianas Visitors Authority shall promote the orderly growth of the CNMI tourism industry.

It is our mission to promote and develop the Northern Mariana Islands as a premier destination of choice for visitors from throughout the world while providing a maximum quality of life for our people. We nurture and encourage cultural interchange and environmental sensitivity for visitors' enjoyment and for our children's children.

Headed by a 9-member Board of Directors, the MVA is led by a Managing Director and Deputy Managing Director, along with division managers in Saipan, Tinian, and Rota. As of September 2021, the MVA has 22 employees: 17 employees in Saipan, two in Tinian and three in Rota.

The MVA has 11 divisions:

- | | |
|------------------------|-----------------------------|
| 1. Executive | 7. Product Development |
| 2. Accounting | 8. Research |
| 3. Community Projects | 9. Tour Guide Certification |
| 4. HR & Admin Services | 10. Rota Field Office |
| 5. Marketing | 11. Tinian Field Office |
| 6. Procurement | |

The MVA also operates representative offices in Korea, Japan, Taiwan, and China. In FY 2021, the work of the Korea office was reduced, the Japan and Taiwan officers were suspended for part of the year, and the office in China was closed due to the federal halt on visitors from China.

MVA in FY 2021

The Marianas Visitors Authority supports tourism, the sole economic driver of The Marianas. It is our duty to aggressively promote The Marianas and attract visitors to our islands, primarily through our off-shore offices in Korea, Japan, and Taiwan.

Fiscal Year 2021 (October 2020-September 2021) saw the continued effect of the global COVID-19 outbreak, with visitors arrivals averaging only about 200 visitors a month in the early part of the year. International flights from our major source markets of Korea, China, Hong Kong, and Japan had ceased, and The Marianas was receiving only three weekly flights from Guam. The true economic fallout due to the virtual shutdown of tourism was softened by federal financial aid that came to The Marianas as the result of both COVID-19 and, earlier, Super Typhoon Yutu and Typhoon Mangkhut.

The success of The Marianas COVID-19 response through strong entry protocols, overwhelming community support for safety measures, and a quick and broad vaccination roll-out allowed The Marianas to begin the safe and strategic reboot of the tourism economy in mid-2021. As the only country to attain a travel bubble agreement with South Korea, The Marianas commenced its Tourism Resumption Investment Plan program in July 2021 with three weekly flights from Seoul. The initial success of the program indicates that visitor arrivals will continue to grow at least through the first quarter of the new fiscal year. The MVA is also looking into the feasibility of implementing similar programs with Japan, Hong Kong/Taiwan, Australia, and greater Micronesia.

The Marianas received only 5,365 visitors this year compared to 215,125 visitors in FY 2020 and 424,858 visitors in FY 2019. The priority of the MVA remains to stoke the fire of the tourism economy to generate funding for government services, reopen businesses, and have people continue or restart employment to help secure their financial security as the COVID-19 pandemic continues.

WHAT DID 2021 LOOK LIKE?

RESPONDING TO THE COVID-19 PANDEMIC

CNMI TRIP PROGRAM REBOOTS TOURISM



- April 12, 2021 — MVA staff in Saipan, Tinian, and Rota were brought back to work full-time to begin the reboot of the Marianas tourism economy.
- June 27, 2021 - The Marianas Safe Travels program is launched, requiring businesses to attain 100% employee vaccination and meet other safety requirements in order to avail of the Travel Bucks. By the end of the year, over 100 businesses had joined the Marianas Safe Travels program.
- July 1, 2021—The Marianas and South Korea enacted the country's first travel bubble with an international destination.
- July 24, 2021—The CNMI Travel Investment Resumption Plan (CNMI) program commenced, reinstating international flights to The Marianas with three weekly flights from Seoul. Tourism executives and media reps visited Rota, Tinian, and Saipan.
- The CNMI TRIP program with Korea was extended to December 2021. The MVA formed ad hoc committees to determine the feasibility of establishing TRIP programs with Japan, Hong Kong/Taiwan, Australia, and greater Micronesia.
- September 2021—The Marianas hits an 80% vaccination rate of its eligible population, a key target in helping to ensure the safety of the local community and visitors as tourism grows.
- September 2021—Due to high demand, the 3x weekly flights through December 2021 all surpass the minimum 40% load factor to qualify for financial subsidy under the TRIP program. The MVA begins to consider the future transition of the TRIP program to continue to reduce subsidies as the tourism industry gains momentum.

MARKETING



- Following the suspension of the MVA Japan representative office in September 2020, the marketing office was rebooted in February 2021 to begin preliminary work toward the revival of the market.
- The MVA Taiwan representative office, suspended in April 2020, resumed work in April 2021 to begin preliminary work toward the revival of the market.
- The success of the South Korea-Marianas travel bubble and the TRIP program, the MVA was able to avail of broad and organic exposure of the program and The Marianas throughout Korea via media and the travel trade.
- The MVA Strategic Plan for Sustainable Tourism Industry 2021-2031 was adopted.

COMMUNITY EVENTS



- In lieu of its signature Christmas in The Marianas celebration, the MVA joined the Christmas Village light display on Capitol Hill, Saipan.
- The 17th Annual Tinian Hot Pepper Festival on Feb. 13-14, 2021, was the first signature event held since the Saipan Marathon in March 2020. The event attracted hundreds of bikers and visitors to Tinian.
- May Tourism Month was proclaimed and marked with a Walk for Tourism and other activities.
- The Hafa Adai and Tirow Summer Jam was held in August 2021 to celebrate the reboot of international flights to The Marianas.
- The 22nd Annual Taste of The Marianas International Food Festival & Beer Garden attracted 17,500 attendees in August.
- The Marianas celebrated World Tourism Day on Sept. 27 with beautification cleanups, free tours and cultural demonstrations at the NMI Museum of History & Culture, and World Tourism Day 5K Sunset Fun Runs on all three islands.
- Cultural Heritage Month was adopted as a new signature event of the MVA.
- The MVA also supported events organized by other organizations, such as the Rota Coconut Festival.

DESTINATION ENHANCEMENT



FY 19

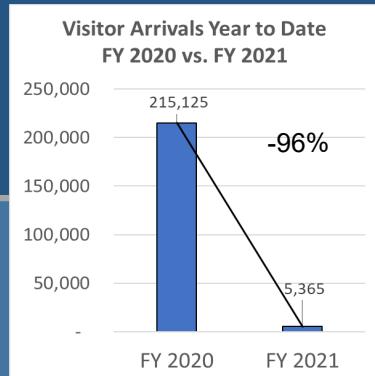
FY 20

- Public-private partnerships under the Governor's Council of Economic Advisors worked to renovate and repair historic, scenic, and recreational sites, including major tourism sites. The MVA served a liaison for permitting for most of these projects

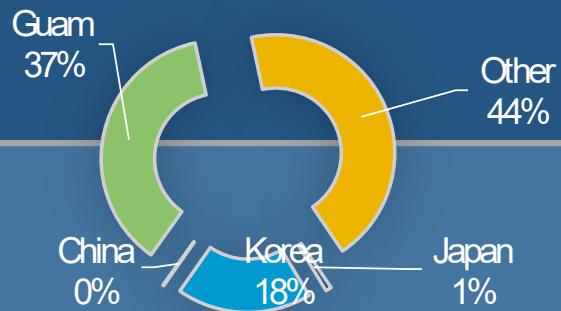
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Grotto, the most popular dive site in The Marianas, received a major overhaul to improve appearance, access, and safety. The project was partially funded by the MVA.

Visitor Arrivals



Market Share FY 2021



OPERATING BUDGET FOR FISCAL YEAR 2021

Where does the money come from?

FY 2021 Budget Allocation—\$2,197,411

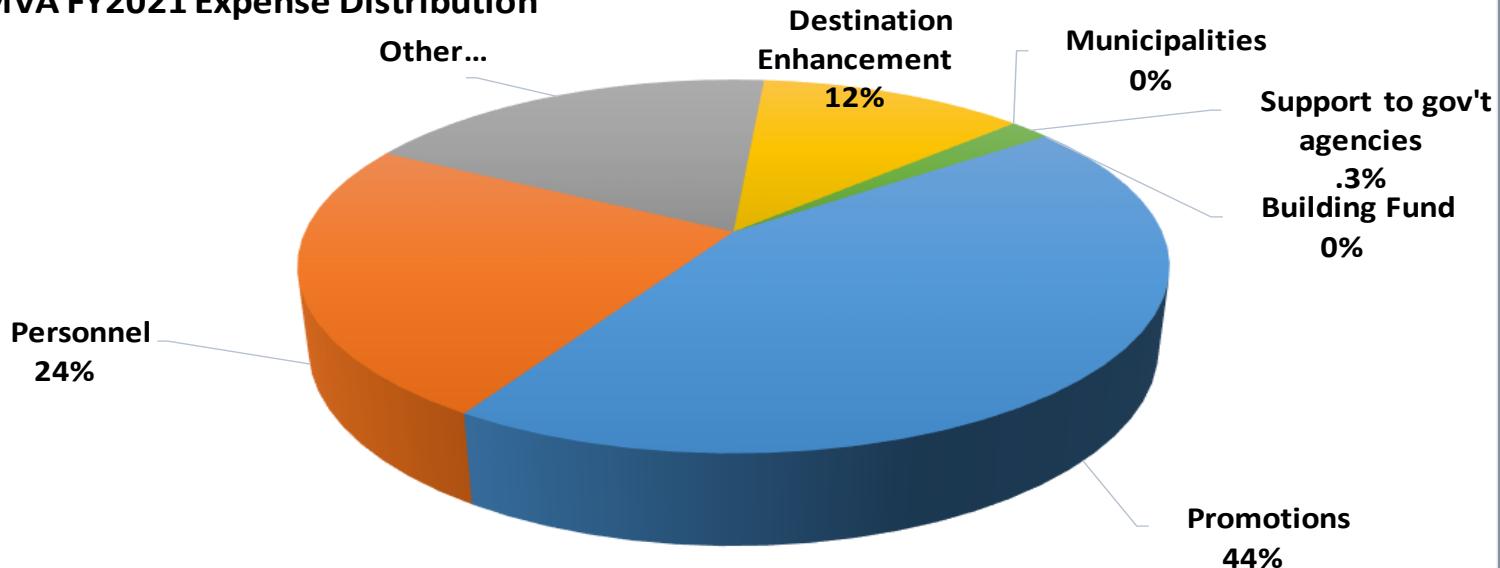
RECEIVABLES from Department of Finance for FY 2020 HOT by end of FY 2021 (unaudited): \$1,056,744

Pursuant to Public Law 18-1, Hotel Occupancy Tax (HOT) normally constitutes a majority of the MVA's budget. From the tax collected, 80% is given to the MVA and 20% to the NMI Retirement Fund. However, for Fiscal Year 2021 and due to low visitor arrivals, the CNMI Budget Appropriations Act suspended earmarked funds, including MVA's entitlement to the HOT and Alcohol Container Tax.

Where does the money go?

The biggest challenge in 2021 was the lack of local funding due to almost no visitors during the COVID-19 pandemic. Fortunately, federal funding through the American Recovery Program Act and grants provided a tremendous supplement for select MVA activities.

MVA FY2021 Expense Distribution



WHAT IS NEXT?

CHALLENGES AND PLANS

TRIP PROGRAM GROWTH

Ad hoc committees will explore the feasibility of extending the Tourism Resumption Investment Plan to Japan, Hong Kong/Taiwan, Australia, and the Micronesia region. Initial success with the Korea market will be carefully tended for continued growth, in cooperation with Commonwealth Healthcare Corp. and COVID-19 Task Force.

GLOBAL BRANDING

Through a federal Community Development Block Grant for Disaster Recovery, global branding and messaging for The Marianas will be developed, providing a unique, authentic, and consistent marketing and promotions message for worldwide exposure.

OFFICE RELOCATION

The MVA Saipan office is in the process of procuring new office space. The office move is targeted for the last quarter of 2021.

MARKETING OFFICES

Marketing offices in Korea, Japan, and Taiwan will continue to represent The Marianas. New proposals will be received for Japan and Taiwan representative offices.

SIGNATURE EVENTS

A downsized Christmas in The Marianas is slated to return in December 2021. It is anticipated that the Tinian Hot Pepper Festival and Saipan Marathon will also be held. Other annual signature events will also be considered on a case-by-case basis, depending on the COVID-19 situation, visitor arrivals, and other factors.

DATA SYSTEM UPGRADE

Through a grant from the Office of Insular Affairs, the MVA will be upgrading its data collection and processing system for visitors arrivals.



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