



Commonwealth of the
Northern Mariana Islands

GOVERNOR'S COUNCIL OF ECONOMIC ADVISERS

THE GCEA'S 10-YEAR PLAN

TO IMPROVE THE QUALITY OF LIFE IN THE MARIANAS

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SUMMARY

The Governor's Council of Economic Advisers' 10-Year Plan is the product of the Council's commitment to bring together members of the Marianas' business community together to work toward the future of the Commonwealth of the Northern Mariana Islands (CNMI).

This plan is a living document, a foundation from which the priorities, ideas, and solutions to the Marianas evolving challenges can be captured, analyzed, and discussed toward innovative and productive solutions for the improvement of the islands.

The GCEA 10-Year Plan is...

An effort to focus on solutions to the Marianas' long-standing and emerging challenges.

A statement of priorities for the Governor's Council of Economic Advisers that guides the work of the Council in the years ahead.

An attempt to seek out the root issues causing these challenges and target discussions on policy solutions that will see lasting remedies be developed.

An ongoing conversation that aims to place thoughts and ideas into a larger public discourse free upon a common ground.

An evolving product that will adapt and change as the Marianas' progresses.

The GCEA 10-Year Plan is not...

A plan that takes priority over existing planning documents of the Marianas: The Council sees tremendous benefit and effort placed into its existing planning documents and sees its 10-Year Plan as a supplement to this work in providing ideas and concepts for consideration.

A perfect document: The 10-Year Plan is intended to change and evolve with future discussion and information.

An added layer of government or regulation: As recommendations and ideas, this plan is not intended to be used to inhibit innovation or creativity toward solutions.

Complete: No iteration of the 10-Year Plan will be "final". It will adapt and change and serve as the foundation for dialogue, conversation, and adjustment throughout the years.

The GCEA 10-Year plan is a process, and the Council looks forward to continued discussion and progress toward seeing the Marianas reach its true potential in the path toward a more prosperous Commonwealth by 2030. Together, we can!

OUR MISSION AND VISION

Our Mission

The CNMI Council of Economic Advisers' mission is to provide objective advice to the Governor to ensure that decisions and programs are aligned with established plans to achieve the Administration's vision. This mission is aligned with the charge provided to the Council under Executive Order 2020-11, signed by Governor Ralph DLG. Torres.

Our Vision

The CNMI will have a vibrant economy with sustainable development practices that promote local and international relations, the preservation of culture and the environment, vast business and employment opportunities, a strong tax base, and better quality of life for all.

INTRODUCTION

The Governor's Council of Economic Advisers was established through Executive Order 2020-11, signed by Governor Ralph DLG. Torres on May 19, 2020. The Council was established with the responsibility to:

1. Formulate policy initiatives to encourage economic growth, provide for prudent and responsible management of the economy, and alleviate barriers to business development and growth.
2. Provide recommendations to the Governor on issues related to the administration of the Executive Branch and its departments and agencies.
3. Assist the Office of Planning and Development, under the Office of the Governor, in the creation of the CNMI Comprehensive Sustainable Development Plan.
4. Serve as counsel to the Governor on the status of the economy and its forecasted direction.
5. Create detailed reports to advance policy initiatives beneficial to the CNMI economy.
6. Convene Council meetings at least once every three (3) months.
7. Review all proposed regulations pertaining to increases in business fees and rules that affect the functioning of the economy and provide an analysis of the proposed impact on the private sector.

In 2021, the Council was co-Chaired by Mr. Jerry Tan and comprised of the following members appointed to serve by Governor Torres:

- | | |
|---------------------------|----------------------|
| - Sen. Jude Hofschneider | - Alex Sablan |
| - Rep. Edmund Villagomez | - Joe C. Guerrero |
| - Michael S. Sablan | - Don J. Power |
| - Roman "Bo" T. Palacios | - Marcie M. Tomokane |
| - Matthew Deleon Guerrero | - Alex B.K. Youn |
| - Brian Shin | - Aubry Hocog |
| - Warren Villagomez | - Gary Sword |

Over the course of its existence, the Council has provided the Governor and the CNMI Government a range of recommendations produced through its three primary Committees – Domestic Policy, Tourism Resumption and Infrastructure, and Economic Diversification. These recommendations are cataloged within the Council's Year-End Reports for 2020 and 2021.

Throughout this process, the Council has seen both the realization of successful dialogue toward systemic issues facing the Marianas and the recognition that a more concerted effort to capture ideas toward a more prosperous Commonwealth is possible. Further, the Council

sees a wide-ranging examination of the opportunities and obstacles for the Marianas as the only way to fully accomplish its goals for its work.

In the 10-Year Planning process, the Council is embarking upon, it seeks to capture the work performed since its establishment and craft a blueprint for action items that will see improvements to the quality of life for residents of the Marianas and the establishment of the islands as a world-class tourism destination for our visitors. In securing these goals, the 10-Year Plan seeks a comprehensive assessment of the potential solutions to present issues facing the islands, by utilizing the expertise and knowledge of the Marianas' private sector leaders under eight Planning Committees. These Planning Committees, chaired by members of the Council cover the following areas:

TOURISM

SUSTAINABILITY

INFRASTRUCTURE AND WORKFORCE DEVELOPMENT

SMALL BUSINESS DEVELOPMENT AND RETENTION

INVESTMENT

GOVERNMENT SERVICES

ROTA DEVELOPMENT

TINIAN DEVELOPMENT

The work of the Planning Committees will be the foundation of the 10-Year Plan's recommendations contained in this and subsequent reports.

WHAT DOES QUALITY OF LIFE MEAN?

The primary goal of the Council's work is to promote a better Quality of Life (QoL) for the residents of the Marianas. However, QoL means different things to different people. The quality of the lives residents of the Marianas lead is, at its core, extremely subjective, with each individual deciding his or her priorities and measurements of success and comfort. Still, this important concept requires a framework for a broad understanding of what it means. The World Health Organization for one defines QoL as "individuals' perception of their position in life in the context of the culture and value systems in which they live, and in relation to their goals, expectations, standards, and concerns." While comprehensive in its coverage, it does denote that QoL expectations are driven by local contexts.

In the context of the CNMI, the founding document of the Commonwealth speaks to an aspiration related to this measurement. In the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the "Covenant"), it states that the union with the United States aimed to "achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of local self-government."

By most measurements, living standards have certainly progressed since the establishment of the Commonwealth government. Today, there are greater levels of educational attainment, higher average incomes, greater services, and products available to residents, among other things. Yet, despite continuing effort and recognition, residents of the Marianas experience challenges that are unique to the islands. Issues related to geography are ever-present resulting in higher transportation costs that influence the price of goods. Issues related to scale affect the size of the overall market and create difficulties in achieving the necessary economies of scale for small to medium enterprises to grow. Issues related to the state and the management of the islands' infrastructure have been compounded by time and natural disasters. And issues related to laws and the legal structure that businesses comply with remain out of alignment with the needs of the economy – particularly in the realm of immigration and labor access.

More contemporaneously, the CNMI Comprehensive Sustainable Development Plan (CSDP) contains results of a survey of the Marianas population that asked:

"What are the three most important issues that should be addressed to ensure a good quality of life in CNMI?"

To which the majority of the respondents listed as their highest priority "Typhoon/Storm Surge", followed by "External Economic Crisis" and "Disease Outbreak".

At the time of this initial report and based on the perspective of the Marianas' private sector advisers within the Council's membership, QoL can find its most broad-ranging definition that fits the CNMI's context through a simple word – opportunity.

Quality of Life defined as a pursuit for greater opportunities for the thousands of residents in the Marianas encompasses a range of possibilities. Advancements in environmental conservation efforts create greater opportunities for future residents to cherish the natural surroundings but should be weighed against the impact on opportunities for employment and income for residents that would have been gained through development. Greater levels of personal income for families across the Marianas gives each a wider range of opportunities for leisure, personal enrichment, and community service. Higher rates of business development and economic growth in turn provide for the ability to pay for higher incomes or support more job opportunities.

Individuals inherently know what matters to them in their determination of the quality of their lives. For some, it is greater professional growth. For others, it is more time with friends and family. And for others, it is their role in their community, or environment that brings this quality. For the government and for those interested in policies that support these individual goals, the solution is not to dictate their preferred ends, but rather to create the environment that permits them to achieve their objectives to the fullest extent.

In seeking a measurement of priorities toward this goal of fostering greater levels of QoL for residents, the question becomes which avenue for action promotes the greatest amount of opportunities for them.

WHAT DOES IT MEAN TO BE A WORLD-CLASS DESTINATION?

Any conversation regarding the Marianas' tourism industry must acknowledge its critical importance to the islands as the primary driver of commercial activity, and that our tourism market is embroiled in a globally competitive marketplace. The Marianas is in constant competition for visitor arrivals with not just the region, but the world. In the age of global interconnectedness, tourists have access to nearly every country, every culture, and every type of accommodation that exists. In this marketplace, the Marianas does successfully compete with similar destinations and garners tourist visits with its existing product. However, the Marianas has yet to achieve world-class status.

Destinations like Bora Bora in French Polynesia, Tahiti, or Maui in Hawaii are consistently present in the international conversation of world-class destinations to visit. These areas offer similar offerings (beautiful sun, relaxing beaches, tropical climates), but have established themselves in the global consciousness as "must visit" destinations. Destinations such as Bali, Peru, and Florence all provide a rich and diverse cultural experience that sets them apart from the world. The Marianas has both the environment and the unique cultural identity to have it stand out among the crowded market and doing so will provide manifold benefits to the local population in terms of jobs, opportunity, and global access.

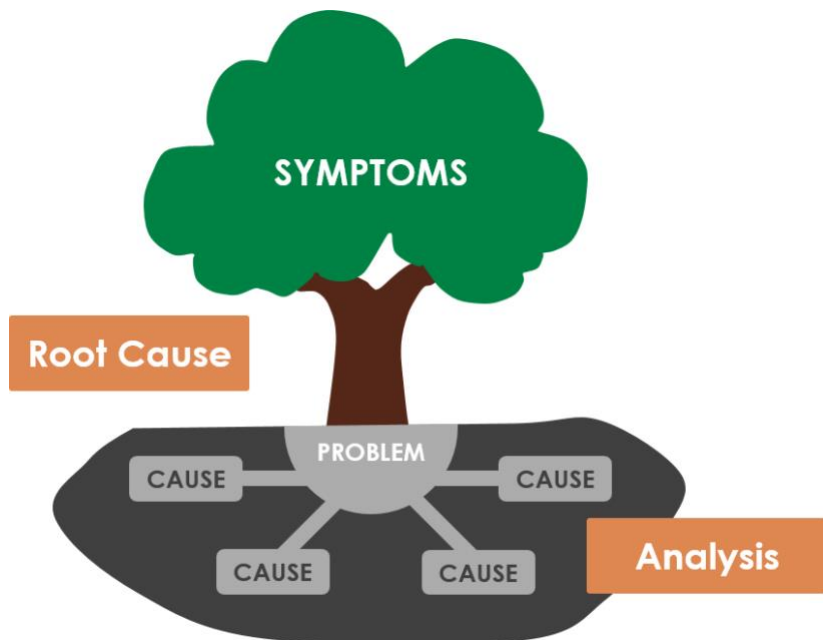
Being a world-class destination requires a consistent focus on the entirety of the Marianas' product to the world and encompasses a wide range of elements. World-class destinations adequately maintain, update, and enhance their primary tourist sites. World-class destinations are constantly seeking ways to promote greater levels of public safety and cleanliness. World-class destinations demonstrate the culture and traditions of the location throughout the visitor's experience. World-class destinations have adequate infrastructure to support ease and stability for operators and visitors in the tourism space.

World-class destinations are safe, beautiful, clean, reliable, and, most importantly, intentional. Seeing the Marianas become a world-class destination not only provides these elements to its visitors, but also to the residents who deserve safety and beauty in their home.

THE PLANNING PROCESS

In developing the 10-Year Plan toward the dual objectives of enhancing the Quality of Life of the residents of the Marianas and fostering the islands to become a world-class destination, the Council embarked on a wide-ranging assessment of the issue areas most in need of private sector experience and ideas to improve upon. Within each area of Tourism, Sustainability, Infrastructure, and Workforce Development, Small Business Development and Retention, Investment, Government Services, Rota Development, and Tinian Development, the respective Planning Committees are engaged in an assessment of the primary issues facing each subject.

This problem-based approach aims at acknowledging that the problems that are seen in the Marianas are well-known and have been long-standing, but that it is the responsibility of each concerned citizen to understand the root causes of each issue and work collaboratively toward beneficial solutions. Under this planning framework, each Planning Committee assessed the core issues, derived the potential root causes, and opened a dialogue on the possible solutions for each. The process is best represented through an analysis framework called a "Problem Tree", illustrated below.



¹ <https://www.visual-paradigm.com/tutorials/how-to-use>

Within this framework, problems are acknowledged and analyzed. No problem was created in a vacuum and the reality is that every problem seen in the Marianas has one or multiple root issues that allowed it to exist and remain present. Addressing these root causes finds the most productive solutions for remedying the long-term symptoms the problem creates.

The central tenant of this effort is the willingness to accept that problems exist and that each stakeholder in the success of the Marianas has a role in seeking long-term solutions to them.

The Planning Committees are structured by the area of expertise of the Council members whose roles within them are as follows:

Planning Committee	Members
Tourism	Brian Shin Warren Villagomez
Sustainability	Gary Sword House Speaker Edmund Villagomez
Infrastructure & Workforce Development	Alex Sablan Roman "Bo" Palacios
Small Business Development & Retention	Joe C. Guerrero Alex Youn
Investment	Matthew Deleon Guerrero Marcie Tomokane
Government Services	Mike Sablan Chris Concepcion
Rota Development	Aubry Hocog Alex Sablan
Tinian Development	Senate President Jude Hofschneider Don Power

The eight Planning Committees are guided by the Council's Steering Committee composed of the Council Co-Chairmen Mr. Jerry Tan and Governor Ralph DLG. Torres.

TOURISM

Tourism is the lifeblood of the Marianas economy. It provides jobs, supports amenities and services available to residents, and supplies the majority of government finances that support critical public services. The impacts caused by the COVID-19 pandemic highlight the critical role of tourism in the lives of the Marianas people, and the range of complications that arise when tourism is no longer flowing.

To both objectives of improving the Quality of Life of the residents and achieving world-class destination status for the Marianas, the emphasis on tourism is essential. Greater improvements to the tourism product do not mean greater numbers of tourists but enticing a higher quality of tourists that will support the sector and wider economy. These improvements will expand the market for entrepreneurs and residents, allowing for new business ventures and employment opportunities. Altogether, the success of the Marianas' tourism sector equates to the success of the islands as a whole.

Toward this objective of addressing the longstanding and emerging issues in this area the following is the Council's perspective of the problems that exist within this area for analysis and recommended action.

TOURISM ISSUES

Issue Area 1:

Lack of Marketing and Access to the Whole Marianas as a Multi-Island Destination

Issue

The Marianas is an archipelago of 14 islands that each offer unique products to potential tourists. However, due to issues related to inter-island transportation and the lack of differentiation in the marketing of Saipan, Tinian, Rota, and the Northern Islands, the true value of this competitive advantage for the Marianas against destinations such as Guam is lost.

Desired Outcome

The Marianas is a premier multi-island destination that provides seamless access for visitors to experience the range of accommodations and qualities of all the islands in the chain. This increases the total length of stay and expands the benefits of the tourism sector across the

Marianas. The Marianas being one of the premier multi-island destinations alongside Hawaii and the Maldives.

Root Causes

1. No clear product differentiation in the marketing of the different islands
2. Limited and unreliable inter-island transportation
3. Tinian and Rota Tourism products need further development and investment

Action Items

1. Encourage and Incentivize Differentiation in the marketing of the different islands

Enhance diverse product offerings on Tinian and Rota. Examples of this would include a focus on watersports and sporting events offered on each island that would create a central marketing element that draws visitors in. Further product offerings could include the development of Historical Trails that can further highlight the diverse historical significance of each island and provide opportunities for visitors to experience each islands' history and unique identity.

Differentiation requires action beyond slogans and should be accompanied by experiences and products that can be tools for ongoing marketing efforts. Tinian and Rota-specific souvenirs or experiences that can be captured and shared on social media should be encouraged and incorporated into wider marketing efforts. Events hosted in each island should be highlighted and promoted as signature events for visitors to achieve the full Marianas experience. Most importantly, the unique identity of each island should arise from within and be a product of the community's perception of what makes the island unique. This identity should flow into marketing materials and be the basis for the ongoing promotion of the island.

2. Promote Stable and Adequate Inter-Island Transportation

The CNMI should consider working toward a legislative addition to include the CNMI as an eligible location for the purposes of the Essential Air Service program. Further, the Commonwealth Ports Authority (CPA) should be encouraged to seek out and apply for the Small Community Air Service Development Program grant to support air service to Tinian and Rota.

The CNMI should consider broadening the purpose of the Commonwealth Office of Transit Authority (COTA) to assume the responsibilities of establishing and operating an inter-island transportation network to service Saipan, Tinian, Rota, and potentially the Northern Islands through federal and local funding support. COTA, alongside CPA, could be

designated as the responsible entities to pursue Maritime Highway designation and further grant applications and support.

Encourage and support opportunities for revenue guarantee subsidies for inter-island air service providers to provide consistent and adequate service for inter-island passengers.

3. Development and target investment into Tourism Products in Tinian and Rota

Utilize the Commonwealth Economic Development Authority (CEDA) to assess the potential private sector developments that are possible on Tinian and Rota to pursue investor marketing efforts toward their establishment. Subsidies and incentives through the Qualifying Certificate Program should be catered toward tourism developments on these islands under the recognition that development costs are greater in these locations. A site selection process should assess the areas available for development and the types of development that would be suitable for the location and long-term interests of the respective tourism market. Each site should be considered a Strategic Investment Initiative of the Commonwealth and a comprehensive governmental effort should be placed into accomplishing their development.

Issue Area 2: Current Status as a Quantity Over Quality Destination

Issue

The Marianas tourism product presently caters to a lower-spending clientele requiring greater numbers of tourists to achieve viability. These required numbers strain present infrastructure and degrade the overall product preventing the Marianas from realizing world-class destination status and impacting the quality of life of the residents.

Desired Outcome

The Marianas provides quality accommodations that include world-class attractions and programs for tourists. These accommodations result in higher Average Daily Rates in excess of \$250 per room night and increased average daily expenditure at \$1,500 per person or greater.

Root Causes

1. Lack of Hotel Brands
2. Limited Quality Attractions and Services
3. Tourism Sites are Not World-class Quality

Action Items

1. Require Hotel Branding for All Future Public Land Leases

As the Marianas has strict limitations on its land, every effort should be made to ensure Public Land leases are utilized to the greatest possible extent. The most efficient mechanism to ensure that Public Lands are maximized when seeking additional hotel development, or renewed hotel land leases, is to place a requirement that potential lessees must institute an internationally recognized brand for the property. Currently, the Marianas has only three branded properties in the Hyatt, the Kensington, and the Crowne Plaza. International branding imbeds the Marianas product into an international marketing effort and ensures quality compliance of the operation of the property.

2. Segment and Concentrate on Priority Tourism Centers

The Council commends the efforts of the Garapan Revitalization program and supports the work toward revitalizing this critical tourism center for the Marianas. Building upon this work, the Marianas should continue to segment areas like Garapan and other tourism centers under the framework of Special Planning Districts. Through this segmentation, programs, incentives, and events can be targeted to ensure their potential is maximized. If government-sponsored events and programs are consistently located within these areas, greater commercial activity will rise to capture the benefits. Competition will be engaged ensuring the visitors and customers receive the greatest available product in these areas. Segmentation can and has been used in other locations to promote area-specific regulations and zoning policies. A tailored focus on the business activities in these critical areas can ensure the quality of their offerings while efficiently targeting limited government resources.

3. Maintain and Enhance Tourism Sites through Public Private Partnerships

The Marianas is a unique experience for international visitors. Throughout the islands, visitors can see remarkable sites, and witness the islands' beauty largely free of charge. In tourism destinations across the world, access to the most significant locations is restricted to only those who pay for entry. This entrance fee goes toward site maintenance, management of the site, and support for further enhancements and development of the site's unique attributes. Presently, the primary tourist sites across the Marianas lack consistent maintenance and facilities to meet the needs of the tourism market. Efforts should be placed in ensuring the sites are world-class standard through the establishment of Public Private Partnerships that see a private sector partner take on the responsibility of site upkeep while receiving a market return based on entrance fees, and accommodation revenues. A premier example of this can be obtained through envisioning a Visitor Center in Marpi. A full review of this plan can be found on the [GCEA's Reports page of its website](#).

Issue Area 3: Tourism Market is Undiversified

Issue

The Marianas tourism market is centralized around three primary source countries – South Korea, Japan, and China. Should an external event occur in any of these three markets, the tourism sector and the wider economy in the islands will experience a pronounced disruption.

Desired Outcome

The Marianas tourism sector welcomes visitors from around the region and the world. Not only has it brought a resurgence of the important Japan market, but has expanded to welcome visitors from Australia, New Zealand, Singapore, and the Philippines, among others. This creates greater stability against external forces and ensures the continued viability of the economy in the long term.

Root Causes

1. Lack of affordable and reliable international air service to the Marianas
2. United States Government Visa Requirements and Restrictions

Action Items

1. Promote and Incentivize New Air Service Routes to the Marianas

The total number of tourists visiting the Marianas is directly correlated with the number of seats flying to its airports. Just as road access is a requirement to ensure a business is successful so too must the transportation routes to the Marianas be made available. And just as the development of the physical infrastructure for roads requires funding, the development of new routes will necessitate investment to begin. Air service routes are an investment decision of private corporations, and the establishment of new routes will require conversations similar to those required to entice any other investor. This includes start-up incentives, promotion, and investor missions. As the primary agency responsible for the Marianas tourism product, the MVA should create the capabilities to engage in investor discussions alongside CEDA and work collaboratively to provide the necessary information, investor material, and incentives to see the successful acquisition of new routes.

Further, the Marianas should continue to engage the U.S. government to acquire support for these international discussions. Under Section 603(d) of the Covenant, the U.S.

Government pledged to “seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands and will encourage other countries to consider the Northern Mariana Islands a developing territory.” This section should be pursued to solicit the assistance of the U.S. Embassy resources and U.S. Department of Commerce assistance in facilitating investor conversations with airline operators in Japan, Australia, Singapore, and other targeted source countries.

2. Advocate for Greater Flexibility within the Guam/CNMI Visa Waiver Program

Contained within U.S. Public Law 110-229 was the addition of the CNMI to the Guam Visa Waiver program which serves as a subset of the national Visa Waiver Program (VWP). The VWP allows foreign citizens to enter into United States without a visa should they be a part of the program. The sub-program for Guam and the CNMI permits additions of additional countries outside of the national program. These additions can be granted through regulatory inclusion by the U.S. Department of Homeland Security. The Marianas should research and promote the inclusion of potential new markets to the Guam/CNMI VWP that were not already included to support more seamless traffic to the islands. Present countries not included in either the national VWP or the Guam/CNMI VWP include the Philippines, and Vietnam, which may be potential tourism partners in the future.

Issue Area 4: Limited Coordination Among Government Agencies Responsible for Tourism Products

Issue

The primary tourist sites in the Marianas are in disrepair degrading the aesthetic value of the sites and presenting serious hazards to our residents and visitors, however, it is unclear which agency of government is responsible for the maintenance and upkeep of these locations. The agencies responsible do not have the proper incentive to ensure these locations receive the priority of care required by our economy.

Desired Outcome

In addition to the promotion of Public Private Partnerships in the main tourist sites, there is a clear line of authority when considerations or concerns arise over the quality of the sites, placement, and content of signage, or future enhancements.

Root Causes

Changes in CNMI Law (Executive Order 03-02 & Public Law 14-27)

Action Item

Repeal Executive Order 03-02 and Amend Public Law 14-27

During the 14th CNMI Legislature, the CNMI Governor issued Executive Order 03-02 transferring the duties and responsibilities for maintaining tourist sites on Saipan to the Department of Lands and Natural Resources (DLNR). Following this, CNMI Public Law 14-27 expanded this authority. While DLNR is certainly capable of performing these duties, the broad area of responsibility required of the Department creates an understandable strain on available resources and places tourist sites as one of many locations in need of regular maintenance. The prior structure had responsibilities entrusted to the Marianas Visitors Authority (MVA). MVA derives its revenue from the total collections of Hotel Occupancy Taxes (HOT). The higher the room rates and the greater levels of occupancy result in increased resources for the agency. It is in MVA's incentive as an organization to ensure world-class quality sites so that daily room rates can justifiably increase. DLNR has no such incentive.

As such, Executive Order 03-02 should be rescinded, and Public Law 14-27 should be amended to return the management of tourist sites to MVA so that the maintenance and upkeep of the valuable locations for the economy can be targeted and focused on by the agency that receives the greatest benefit from success.

This creates a clear line of authority over tourist sites, where the natural flow of questions or concerns related to the quality of our tourist locations can be directed to the agency responsible for the marketing and destination enhancement of the Marianas tourism product.

Issue Area 5:

Lack of Accountability and Regulation Over Actors in the Tourism Sector

Issue

As tourism is the most critical industry in the Marianas it is worrisome that there exist so few requirements for the operators in the sector to comply with the standards the Marianas wishes to promote for our visitors. Lack of regulation and enforcement over tour operators, guest houses, and Bed and Breakfasts presents a significant problem for the quality of the

Marianas and the safety of its visitors. Further, the lack of regulation places an uneven playing field for operators who choose to follow proper procedures and wish to enhance the quality of the Marianas to tourists.

Desired Outcome

All operators in the tourism sector abide by the same laws and standards for the tourism market in the Marianas. Each operator pays their fair share of taxes and fees and is equipped to promote the type of tourism product the Marianas wishes to advance.

Root Causes

1. No Accreditation of Tour Operators
2. No Penalties for Unlicensed Tour Guides
3. Rapid Growth of Unlicensed Guest Houses, Hotels, and Bed and Breakfasts

Action Items

1. Require Accreditation and Licensing for Tour Operators

In the Marianas, there are certain professions that are of such great significance to the community that adequate and approved licensure to ensure proper practices are adhered to along the standards and norms of the profession. Professions such as Accountants, Engineers, Appraisers, and Health Care professionals all require licensure and a process to ensure understanding and credentials for operating in the Marianas. Tour operators are no less significant to the well-being of our community and the proper accreditation by the Marianas as a prerequisite for operation in this critical sector of our economy should be required. Adding tour operators to the list of licensed firms, either under the oversight of the Board of Professional Licensing or the MVA, would ensure accountability for the actions of these operators and ensure they have the proper training and understanding of the expectations of them in the community.

2. Institute Penalties for Tour Guides Operating without Certification

While the creation of Tour Guide Certification aided in ensuring tour guides in the CNMI were presenting the islands appropriately and managed their tours safely and in accordance with CNMI laws and interests, the law was without penalties or a means to enforce the requirements on tour operators. Recommendation provided by the Council was to institute strict penalties on tour operators who operate in contravention of the law.

3. Regulate Guest Houses, and Bed and Breakfasts

Through websites like Airbnb, and others, visitors have the option to secure accommodations in the Marianas outside of traditional hotel facilities. While accommodations such as these serve a certain market and purpose, many are unlicensed, unregulated, do not pay the appropriate taxes on revenue, and present safety concerns for visitors. This problem is not unique to the Marianas with destinations around the world seeking greater accountability for these operations. For this reason, the Council supports efforts to transform the means by which the Marianas regulates transient stay accommodations, and asks for greater means to regulate and enforce operations so that all actors in the tourism market are on even ground and under a common set of standards and expectations.

SUSTAINABILITY

The Council sees sustainability as not just the environment, but our place within it. Issues related to sustainability and the increased self-reliance of the Marianas against external threats are wide-ranging, but a sustainable future is one in which actions support the natural ecosystem around the residents, and that the mechanisms are in place to ensure security against actions beyond the borders. These include food security, environmental protection, and resiliency against fuel dependence.

SUSTAINABILITY ISSUES

Issue Area 1: Littering and Illegal Dumping

Issue

For decades, community concerns over littering of the environment with human-generated trash and the illegal dumping of household garbage have arisen and continued to compound.

Desired Outcome

The villages and natural environment throughout the Marianas are kept pristine and free from garbage and waste products and all residents share in the responsibility to keep the islands clean.

Root Cause

Limited Access to Residential Waste Disposal

Action Item

Establishment of a System of Universal Garbage Collection

Building upon the Council's recommendation for the establishment of a Universal Garbage Collection system for the Commonwealth, Governor Ralph Torres through Executive Order 2021-21 established the Universal Garbage Collection Task Force on September 28, 2021, under the Chairmanship of Council Member Gary Sword, to produce a plan for the government that provides a pathway for the establishment of universal solid waste collection in homes and villages.

On December 27, 2021, the Task Force submitted its report to the Governor outlining the methods by which the CNMI Government can make Universal Garbage Collection a reality for the many homes and villages in the Marianas. Key to this effort was the reduction in littering and the curtailment of the environmental harm caused by improper disposal of solid waste by expanding the proper means for disposing of waste at the source. Through expanding access to garbage collection services and the availability of public waste collection at the beaches and parks, the report submitted by the Task Force provides for true community ownership of this issue and further implementation of the report's recommendations will provide a lasting solution to this persistent problem in the Marianas.

The [Report of the Universal Garbage Collection Task Force](#) can be found on GCEA's website.

Issue Area 2: High Levels of Food Insecurity and Import Dependence

Issue

The majority of the food consumed by the Marianas population is imported and is highly dependent on a consistent transportation network. These networks are impacted by natural disasters and external forces that may affect the timeliness of transport.

Desired Outcome

The Marianas should not be expected to generate all the necessary food to support its population, but local agriculture, livestock, and fisheries provide a greater proportion of the daily calorie requirements of the community.

Root Causes

1. Lack of market access for local agricultural/cattle/fishing producers
2. Lack of necessary infrastructure for local agriculture
3. Limited financing to support commercial operations

Action Items

1. Promote the establishment of privately operated Cooperatives

Cooperative arrangements between actors in a particular sector serve a considerable purpose in the effective functioning of a marketplace. With a product such as fish, cattle, or local agriculture, which lacks product differentiation within species in a competitive marketplace, the competition toward the lowest price per pound diminishes incentives to

supply to the market, lowers overall supply in the long run, and limits the opportunity for purchasers to support domestic entrepreneurs. Coops in the Marianas could aggregate catches or harvests, set consistent pricing for producers, and enter into long-term contracts with purchasers with greater efficiency and supply guarantees.

Coops should operate in pursuit of commercial viability but be tied to lines of support from the government. The operation and management of coops should be driven by the market forces and the demands of the coop membership. The CNMI government has a role in the formation of these cooperatives, however. Through grant support, leadership, and policy direction, the Marianas can create the framework and incentives for cooperatives to thrive.

2. Farm Plots are Targeted for Infrastructure Development and Support

Water is a vital resource for sustainable agricultural operations. Yet, access to a consistent water supply inhibits the ability of local farmers to produce at a commercial scale. The Council supports the continued cooperation with the Soil and Water Conservation Districts across the islands toward the enhancement of critical infrastructure developments that can increase the availability of water to farm plots and ensure their investments are resilient against natural disasters or drought.

3. Pursue Financing Options for Commercial Fish/Agriculture/Cattle operations

Access to affordable financing is a hurdle for most small-scale or emerging enterprises in the Marianas, and this is even more pronounced in the Agriculture and Fishing space. Yet, through mechanisms within the government and the availability of funding through COVID-19 response packages, opportunities are available to make substantial gains toward food security.

The Council recommends the use of Small Business Development Grants, administered by CEDA through funding provided under the American Rescue Plan Act, to support the acquisition of capital equipment for those interested in starting or expanding a commercial fishing operation. This provides necessary financial access for potential commercial fishermen where none presently exists within the islands' banking system.

Further, the Council sees avenues for local support for agricultural producers through enhancing access to the U.S. Natural Resource Conservation Service's Environmental Quality Incentives Program (EQIP). The EQIP provides funding and technical assistance to farmers to promote efficient utilization of nutrients, increase soil health, and reduce contamination. This program has promoted significant gains for local farmers, but its reimbursable structure presents challenges in acquiring the initial capital. CEDA should be reengaged toward the effort of providing the initial capital to which funds would be returned following EQIP reimbursements.

INFRASTRUCTURE AND WORKFORCE DEVELOPMENT

Infrastructure is a necessary component to permit the growth of the economy. The term infrastructure covers an array of facilities and structures that support the proper functioning of modern life. There are infrastructure elements that are critical for the operation of any community. In the Marianas, these are facilities such as the sea and airports, power plants, wastewater pipes and treatment facilities, and water wells and transmission lines.

Roadways, both primary and secondary are also important infrastructure systems. It has long been acknowledged that the Marianas' public infrastructure, much of which was built decades ago, is outdated and in need of rehabilitation or replacement. Failure in any of the islands' public infrastructure impacts commerce, the economy, and the way of life for the residents of the Marianas.

One of the largest continuing issues facing the economy is the labor force shortages in critical industries. With the passage of U.S. Public Law 115-218, the Marianas is set on annual reductions of its CW-1 visa allocations till the termination of the program in 2029. These reductions are agnostic to the economic conditions or needs of the Marianas economy. In many ways, the economic collapse of 2020 harkens back to the start of the CW-1 program, where in 2008-2011 the economy and its workforce demands were limited by diminished economic prospects of the islands. The limited demand for the CW-1 program resulted in dramatic reductions in available CW-1 permits, ultimately leading to the Marianas breaching the cap of available permits as the economy revived in 2016.

INFRASTRUCTURE AND WORKFORCE DEVELOPMENT ISSUES

Issue Area 1:

CW-1 Permit Numbers Annually Decreasing Despite Workforce Demand

Issue

The Northern Mariana Islands U.S. Workforce Act set in motion an annual reduction schedule for Commonwealth-only Transitional Worker Visas (CW-1) toward the classification's ultimate termination in 2029. Between the fiscal years 2019 to 2023, the available CW-1 permits are reduced by 500. From Fiscal Year 2024 to the first quarter of 2030, the reduction schedule accelerates to 1,000 per year. Under the reduction reschedule will see available permits in fiscal year 2023 be below the pre-pandemic levels of CW-1 demand. Workers will be essential in supporting the economic recovery of the Marianas from the pandemic and potential workforce shortages during recovery is a looming threat.

Desired Outcome

The needs of the Marianas economy are reflected in the decisions of the federal government as to the number of available foreign worker visas permitted under the CW-1 classification. During times of economic hardship, greater emphasis should be given to ensuring the U.S. workers have greater access to limited jobs, and during times of economic growth, foreign worker populations are permitted in larger numbers to continue growth and the job opportunities available to the U.S. worker population.

Root Causes

1. Shortages in the national labor market
2. Inflexibility of the Transition Program
3. Rapid outmigration of Marianas population

Action Items

1. Monitor and add the Marianas Experience in Conversations of National Labor Shortages

The United States is experiencing a surge in demand for workers and finding challenges in sourcing enough workers to operate the economy at maximum levels. This is an experience well understood by the Marianas, and the solution has been apparent. The Marianas should capitalize on this moment of shared hardships to demonstrate that the CW-1 program is an ideal pilot study of ways in which non-immigrant worker visas support the needs of the economy and can stimulate economic growth and increase job opportunities for U.S. workers.

2. Seek Amendment to U.S. Public Law 115-218 to allow for permit flexibility during the Transition Program

The CNMI Government should continue to engage the U.S. Congress in conversations related to amendments to U.S. Public Law 115-218 that would include the removal of the statutory reduction schedule and in its place a system for determining numerical CW-1 allocations based on a review of the conditions of the Marianas economy and workforce. These allocations should not exceed 13,000 but be allowed to be adjusted upwards, as well as downwards should the conditions permit.

3. Advocate for greater workforce numbers to increase opportunities for Marianas Residents

The 2020 census results showcase a significant decline in the Marianas population from 2010. The 12.2% decline in the overall population has ramifications toward the effort to increase U.S. worker ratios within the labor force. The Council believes that the outmigration of U.S. citizens can be outweighed by increasing levels of economic growth and opportunities. Unfortunately, the Marianas may be caught in a downward cycle that sees fewer available foreign workers supplement the labor force, resulting in lower levels of economic growth and even greater levels of outmigration as U.S. citizens see more opportunities abroad. Emphasis should be given to seeking flexibility within the U.S. law that would see rapid economic growth as a means to attract U.S. citizens back to the Marianas.

Issue Area 2: Impending Expiration of Immigration Transition Program

Issue

The Immigration Transition Program that the Marianas relies upon to keep the economy and community afloat is fast approaching its termination in 2029. The Marianas is not anticipated to have the necessary numbers of U.S.-eligible workers to fill the shortfall caused by the loss of nearly half its current workforce.

Desired Outcome

The Marianas works collaboratively with the federal government in the management of a permanent immigration program that understands the unique conditions of a Pacific Island economy. All parties understand that, while the Covenant permitted termination of CNMI control over immigration, it did not dictate that full applicability of the national immigration system was the only alternative. A nuanced policy related to necessary access to foreign labor in the Marianas is crafted that allows for certainty in the operation of the economy and the framework for developing a sustainable economic system that will advance the opportunities, standards of living, and quality of life of citizens living in the islands.

Action Item

Seek Amendments to U.S. Public Law 115-218

The CNMI Government should continue to engage the U.S. Congress in conversations related to amendments to U.S. Public Law 115-218 that would include the reinsertion of the provision allowing for the extension of the Transition Program by the U.S. Secretary of Labor following the review of the Marianas economic and labor force data.

Issue Area 3:
Lack of Collaboration Between Workforce Training and Workforce Need

Issue

While the Marianas has made tremendous strides toward enhancing the vocational training opportunities available to U.S. workers, more can be done to ensure the training curriculum is in line with the needs of the economy.

Desired Outcome

The Marianas has established the organizations and partnerships needed to inform workforce training requirements and expectations. Lessons learned from the experience of Guam and the establishment of the Guam Contractors Association are replicated to add industry insights into the important task of training resident workers. Greater numbers of U.S. workers are engaged in the labor force, earning good incomes and supporting the economic needs of the community.

Root Causes

No present organization exists for Contractors or Restaurants (both of whom have large labor demands)

Action Item

Establish Industry Organizations to Guide Vocational Training

With the success of the Guam Contractors Association in pioneering and developing construction workforce training to support the needs of the Guam community, the CNMI should renew its efforts to establish an association of contractors to combine resources and support the efforts of technical and trades education for the Commonwealth.

Further, the example of Guam can be additionally replicated and instilled within this system for restaurants. A restaurant association can function alongside other professional organizations and aid in the development of culinary arts and service curricula to support their workforce needs.

Issue Area 4:
Delays in large- and small-scale infrastructure funding deployment

Issue

Due to the large influx of federal infrastructure resources, the Marianas is at risk of reaching its capacity limits both within the government bureaucratic structure and within the construction workforce. The funding provided to the Marianas has firm deadlines for expenditure, however, the CNMI government is experiencing workforce and regulatory constraints in meeting these timelines.

Desired Outcome

Partnerships toward the expenditure of infrastructure funding lead to the efficient mobilization of projects. Large and critical infrastructure projects are the focus of the majority of government efforts while smaller, easy-to-implement projects are accomplished through community organizations toward the most optimal outcomes for the community.

Action Item

Seek Amendments to U.S. Public Law 115-218

The Council believes that partnerships are the key to the successful and full implementation of the funds our community has provided. Examples of successful partnerships are present throughout the United States

To pilot this approach the Council proposes the development of a partnership between the Commonwealth government and the Mariana Islands Nature Alliance (MINA), a 501(c)(3) community nonprofit organization, to receive \$5.5 million in ARPA Section 602(c)(1)(A) funds to manage the construction and rehabilitation of community facilities across Saipan, Tinian, and Rota. MINA is an ideal organization to fulfill this role, as they maintain the staff and experience in mobilizing federal resources toward the improvement of community sites and facilities. A partnership established with MINA can build community ownership of these sites and facilities and alleviate administrative limitations existing with CNMI Departments and Agencies.

Issue Area 5:
Federal Workforce Laws Impact Economic Recovery and Growth

Issue

Within the Northern Mariana Islands U.S. Workforce Act, there exists a number of provisions that are misaligned with the realities of the Marianas economy and inhibit growth and recovery.

Desired Outcome

The Marianas and the federal government find common ground in understanding the context by which an economy operates in the Pacific region. Restrictions that do not support the shared goal of greater U.S. worker opportunities are revisited and revised to provide an environment open to economic growth and recovery.

Action Items

Seek Amendments to U.S. Public Law 115-218

The CNMI Government should continue to engage the U.S. Congress in conversations related to amendments of U.S. Public Law 115-218 that would include amendments to 48 U.S.C. § 1806(d)(3)(D)(iii)(bb) that would allow for an extension to the time period before CW-1 permits are revoked, to 48 U.S.C. § 1806(d)(2)(B) that would allow for the CNMI Prevailing Wage Survey to be in line with the national Prevailing Wage System with wages being valid for a 2-year period, and amendments to the Construction Worker prohibition on CW-1 permits that would carve a specific set aside within the total allocation for construction workers that would aid in supporting infrastructure funding deployment and economic growth.

SMALL BUSINESS DEVELOPMENT AND RETENTION

In the environment of significant economic uncertainty in the Marianas, business investment, development, growth, and retention are goals that require concerted effort to achieve. Businesses have closed, resulting in the employment impacts seen through the unemployment assistance programs. A key factor in supporting employment and success in supporting private sector needs is the underlying structure of government policy that would determine the ease, or ability of businesses to resume operations.

SMALL BUSINESS DEVELOPMENT AND RETENTION ISSUES

Issue Area 1:

Lack of Commercial Financing Options

Issue

Businesses lack access to financing to start or grow their operation

Desired Outcome

Entrepreneurs have access to capital to ensure the success of their businesses. Financing is affordable and helps to promote greater levels of small and medium-sized businesses in the Marianas

Root Causes

1. Small domestic risk pool
2. Limited access to U.S. capital markets

Action Items

1. Greater research into the challenges of entrepreneurs in obtaining business finance

There is limited data on the aggregate impacts of limited business financing options in the Marianas. Economic data from the CNMI Department of Commerce would suggest that economic growth and business development are driven largely by consumer debt instead of commercial financing. Little is known as to the specific challenges presented outside of the recognition that the size of the commercial market and the volatility of the Marianas economy impacts the availability of financing options.

2. Establish a Community Development Entity within CEDA

Community Development Entities are the primary vehicle for the acquisition and deployment of financing received from the federal New Markets Tax Credit (NMTC) program. The NMTC provides financial incentives for U.S.-based corporations and individuals to offset their tax liabilities by making qualified investments in underserved areas like the Marianas. CEDA in its efforts to seek economic growth should pursue the opportunity of creating a subsidiary Community Development Entity, apart from the organization that can serve as the critical linkage between Marianas' investment opportunities and U.S. financial markets. This entity can also serve to advance marketing toward greater levels of investment through programs such as the Opportunity Zone, in which all areas of the Marianas have been designated as qualified zones for the reinvestment of unrealized capital gains.

Issue Area 2: Limited Support Toward Business Retention

Issue

Despite the importance of ensuring businesses remain successful and viable in the Marianas, there has been minimal effort toward business retention as a priority of economic development objectives.

Desired Outcome

The Marianas is home to a thriving business community whose needs are heard by its government. Business investments are cared for long after opening and the government is invested in the long-term success of its private sector partners.

Root Causes

1. Before the creation of CEDA, no entity was responsible for business retention
2. Limited data and research on the challenges faced by existing businesses

Action Items

- 1. A greater understanding of the business challenges should be acquired and captured**

Much of the issues related to business retention is well understood by the private sector but remains anecdotal and without reliable data between time period. Currently, no entity within

the public sector tracks the number of business closures, the size of the business that has closed, or the conditions that caused the closure. These crucial data are essential in crafting the necessary policy to avert closure before it occurs.

2. CEDA is empowered to support Business Retention Initiatives

CEDA should be supported in the development of its business retention programs. This will require additional funding and personnel to ensure an adequate understanding of the challenges faced by the private sector and support the needed continual conversations between the public and private sector partners.

Issue Area 3: Government Permitting Challenges for Start-Ups and Small Enterprises

Issue

The Marianas' regulatory system is complex and challenging for all actors in the economy. These challenges are even greater for small and start-up enterprises seeking to contribute to the economy.

Desired Outcome

The CNMI Government works with small businesses to see their success. Regulatory requirements serve a necessary purpose, but a greater understanding and specific programs catered to small businesses are developed that allow them to grow and succeed.

Root Causes

1. There exists no Marianas-specific delineation of what constitutes a "small business"
2. Regulatory requirements are not adequately tailored to distinguish between large, medium, and small businesses

Action Items

1. Create an acceptable delineation between small, medium, and large-scale businesses

The Council is engaged in the conversation as to what is a small business. There are numerous definitions, but these, at times, do not conform to the economic realities of the Marianas. A clear definition accepted by the CNMI Government would permit a more nuanced approach toward permitting that can be the foundation of future work to support small business growth and retention.

2. Establish Tiered Regulatory Requirements

Once a definitive understanding of the bounds of business size is developed and adopted, the CNMI government should consider establishing tiers of regulatory requirements, or separate programs, that support the growth and success of small businesses.

INVESTMENT

The circumstances of the Marianas' economy following 2021 further highlight the urgent need for diversification in the sources of economic activity occurring in the Marianas. Great strides have been made toward the establishment of the government's framework for managing development priorities toward diversification in the creation of the Commonwealth Economic Development Authority, however, true and lasting diversification will require greater levels of planning, research, outreach, and resources.

Economic diversification planning relies on a comprehensive assessment of the Marianas' capabilities and resources for the range of potential industries that can aid in fostering resilience. Given the availability of funding provided through federal agencies in response to the pandemic, opportunities exist to leverage CEDA's mandate and incorporate the authority into the planning and selection of projects critical to the development goals of the Marianas. These could include the development of business centers, enhancements to critical public infrastructure, means for stabilizing utility services, or leveraging tax incentive programs with federal resources to revitalize abandoned or unused property for alternative development projects.

INVESTMENT ISSUES

Issue Area 1:

No Existing Process within CNMI Government to Attract and Assess Legitimate Investors

Issue

The Marianas has a long history of developments that have started without ever reaching completion. It further has experience with developments that have been mismanaged or established without firm financial or business foundations to ensure its success. Some examples of these remain on limited public land and constrain opportunities for other investments or are abandoned.

Desired Outcome

The Marianas obtains a limited number of investments that generate the greatest possible return for the use of its limited resources. The islands have adopted the quality of quantity pursuit in their investment decisions and have in place the mechanisms for conducting adequate due diligence before permitting large-scale development projects to commence.

Root Causes

1. Limited availability or use of opportunities to conduct due diligence on potential investors
2. No criteria for what constitutes a legitimate investor

Action Item

Utilize available investment incentives to establish opportunities for due diligence

Through CEDA's Qualifying Certificate program, potential investors have the opportunity to significantly reduce their tax liability to the CNMI Government. This presents a unique opportunity and in turn, requires them to showcase their suitability in completing their proposed project. Financial suitability, access to capital, and a credible due diligence review should be components of selection for a Qualifying Certificate. Further, the CNMI government can establish a "Strategic Investment Partnership Program" that would provide additional government assistance for qualified investors, who have showcased the corporate capabilities to successfully complete and operate the investment. A Strategic Investment Partner can obtain support for government permitting, land leases, and community outreach. Through this process, the CNMI Government can create a more nuanced understanding of "legitimacy" and craft a formalized framework for future partnerships through the process.

Issue Area 2:

Limited Flexibility in Incentive Programs to Allow for Competitiveness

Issue

The Investment Incentive Act of 2000 served its purpose well, but as the times have changed and the global investment market has evolved, the Act has not allowed the Marianas to remain competitive in acquiring new and credible investments.

Desired Outcome

The CNMI Government is empowered to adapt to changing investment demands through an incentive program that targets the specific needs of the Marianas and permits negotiation with potential investors to ensure their needs are satisfied and they choose the islands to make their investment.

Action Item

Modernize the Investment Incentive Act of 2000

The Investment Incentive Act of 2000 can be used as a key tool for incentivizing investment in the CNMI is the Qualifying Certificate program. The program, while achieving successes in the past, requires substantial updating to keep the CNMI competitive among locations throughout the world. The Council continues its support of amendments to the Investment Incentive Act of 2000 to modernize the tools available to CEDA and the CNMI Government and allow the Marianas to remain competitive for quality investments.

Issue Area 3:

Limited Coordination between Government Agencies on the Leasing of Public Lands

Issue

The Public Lands that belong to the people of the Marianas are limited and the leasing of these crucial resources is not done in conjunction with other government entities that can aid in the most prudent use and marketing of development opportunities

Desired Outcome

The leasing of Public Lands is a comprehensive effort that incorporates the plans and interests of the tourism sector, the private sector, and the economic development entities of the Marianas.

Action Item

Coordinate Public Land Requests for Proposals with CEDA, OPD, and MVA

On occasion, the CNMI Department of Public Lands makes available the opportunity for corporations or individuals to submit a proposal for the leasing of Public Lands. This Request for Proposal is done without a firm interest in what is to be developed on this land. Opportunities are available for CEDA or MVA to propose the needs of either the economy or the tourism industry for sections of Public Lands in line with the CNMI's Comprehensive Land Use Study and the Comprehensive Sustainable Development Plan. Possibilities include scenarios in which CEDA determines the need for a certain development that supports the overall economic development goals of the Marianas (for example, a convention center or similar facilities). CEDA and DPL should coordinate toward the available land suitable for this type of development, the feasibility of such a development, and the joint marketing toward acquiring an investor to provide the financing and operational capabilities to see this investment become a reality. A prime area for

coordinating toward the leasing of Public Lands would be developments on the Garapan Fishing Base property or those located in Marpi. The leasing of Public Lands for commercial operations should be driven by the interests of the Marianas for the type of development to be constructed within it.

Issue Area 4: **Large Numbers of Abandoned Properties**

Issue

Over the course of development in the Marianas, buildings have been erected, only to be left unfinished or abandoned. These abandoned structures throughout the islands limit the available land for future investment and do not enhance the marketability of the Marianas as an ideal investment location.

Desired Outcome

Abandoned structures are removed and replaced with new investments. A system for cataloging targeted abandoned structures is assembled and programs are put in place to see their replacement with functioning structures, supportive of the Marianas' development goals.

Root Causes

1. Inadequate completion bonding on Public Land leases
2. Lack of enforcement mechanisms for blighted properties
3. Limited incentives to rehabilitate or replace abandoned properties

Action Items

1. Require adequate completion bonds for Public Land leases

There are several examples of abandoned structures on Public Lands. While the addition of a new requirement for future Public Land leases will not resolve the present condition of these properties, it can prevent future issues from occurring.

2. Enhance enforcement mechanisms for blighted properties

The CNMI Government has made effort to curtail the risks associated with blighted properties on private lands. Saipan Local Law 20-25 established the Nuisance Abatement and Blighted Property Maintenance Act of 2018 to place the authority to declare a property as a "public nuisance" under the Zoning Office and permitted the Office to "abate" the

public nuisance at the cost of the owner. Despite this Act, the Council is unfamiliar with its utilization of large-scale abandoned structures.

The Zoning Office should work with CEDA, MVA, DPL, and OPD to create a targeted list of potential nuisance properties and collaborate on the means for abating the issues caused by its abandonment which should include the complete removal of the structure. Should the owner be unable to afford the cost associated with abatement, the owner should collaborate with CEDA to either finance the abatement costs under loan arrangements or incorporate the property within the economic development plans developed by the Authority.

3. Include Targeted Abandoned properties into Targeted Economic Development Incentives

Through the Qualifying Certificate program, greater incentives should be provided for investors seeking to obtain ownership over an abandoned property targeted by CEDA for redevelopment. Incentives should include consideration for costs associated with repair or demolition and such an interested investor would be an ideal candidate for inclusion in the Strategic Investment Partnership program.

GOVERNMENT SERVICES

Government plays an exceedingly important role in the functioning of the Marianas economy. A business requires the services of the government for nearly every aspect of its operations from start-up permitting, to stable utility services. Despite such a large presence in the economy, services provided by government agencies are not guided by market principles. The government maintains a firm monopoly on many fronts, so there is no option to use the forces of competition to seek better service. In this environment, the government must see its role in the functioning of the economy and take a proactive role in ensuring the services it provides must keep pace with the demands of its customers.

GOVERNMENT SERVICES ISSUES

Issue Area 1: Inefficient Permitting Systems

Issue

Government permitting processes are disjointed, complex, and time-consuming. This disincentivizes investment and business development at the cost of government revenues and economic growth.

Desired Outcome

The Marianas learns from advanced island economies like Singapore in creating an efficient and streamlined system for obtaining government permits. Business development is easy and well understood by even the most novice entrepreneurs.

Root Causes

1. Permitting systems developed in silos
2. Permitting offices are not collocated
3. No single electronic portal for permitting applications

Action Items

1. Align Permitting requirements and processes

Work has already started toward streamlining the permitting process for businesses, and the Council greatly appreciates the effort toward resolving this longstanding issue. Permit timelines and requirements should be shared by all permitting agencies, information from

applicants should be shared seamlessly to prevent duplication, and application questions should align to ensure single shareable responses. Further effort to ensure adequate simultaneous processing of applications should continue to ensure one application does not unnecessarily delay the processing of other needed permits or licenses. Permitting offices should regularly communicate with one another to share challenges and ideas on how to better collaborate on their respective functions.

2. Plan for the collocation of permitting staff

If one were to apply for a business license for a simple sole-proprietorship today, she would have to commute between Capitol Hill and Dandan to obtain the necessary approvals to submit their application for consideration. This takes time and adds costs to a business while requiring an understanding of the locations of the various offices throughout the island. Collocating application intake personnel to a single location would provide remedy to these unstated costs for businesses and would better establish the communication between various permitting and licensing staff toward even further cooperation.

3. Establish a unified online permitting portal for businesses

Work is underway toward the development of the Energov E-government platform, and the Council is eagerly awaiting its arrival. Advanced economies around the country and the world have adopted online means for the wide range of interactions required by government permitting processes. An online platform that allows for digital submission and online payment for permits and licenses and allows an applicant to track the status of their various applications would keep the Marianas in line with the evolving global economy and will provide a greater understanding of the permitting process for new investors.

Issue Area 2: Lack of Online Access to Government Services

Issue

Some government agencies that require permits before establishing a business do not have an online presence, forms are inaccessible when off-island, and there are no unified means to electronically understand the requirements of the regulations.

Desired Outcome

All government agencies, especially those who are involved in government permitting, are required and possess an online platform to provide access to permit forms and documents as well as a description of what is required and expected within the permitting process

Action Item

Mandate the Establishment of Agency and Department Websites

The Council recommends that the Governor issues an Executive Directive to all Departments and Agencies mandating the establishment of an official department or agency website that contains all necessary information regarding the department or agency along with the forms required by the organization to obtain a permit or license.

Issue Area 3:

No Consistent Customer Service Training for Public Facing Government Personnel

Issue

Many have experienced customer service challenges when visiting government offices and when attempting to acquire permits, licenses, or obtain government services. These challenges are exacerbated by the reality that interaction with the agency is compulsory and there are no other options to seek better service.

Desired Outcome

Government personnel, especially those in customer-facing positions, are kind, courteous, and equipped with the training necessary to promote a service-oriented atmosphere within departments and agencies of the CNMI government. Government personnel showcases the same professionalism and service expected from a private-sector operation.

Action Item

Require Customer Service Training for Customer-facing Staff

Customer service training should be a mandatory requirement for all new hires within certain positions. The Office of Personnel Management should seek services to provide training for new hires in cohorts throughout the year and managers should incorporate customer feedback into reviews of employee performance.

ACTION ITEM TABLE

	Action Item	Timeline	Responsible Entity
1	Encourage and Incentivize Differentiation in the marketing of the different islands	Short	MVA
2	Promote Stable and Adequate Inter-Island Transportation	Medium	CPA, MVA
3	Development and target investment into Tourism Products in Tinian and Rota	Long	MVA, CEDA
4	Require Hotel Branding for All Future Public Land Leases	Short	DPL
5	Segment and Concentrate on Priority Tourism Centers	Short	OPD, MVA, CEDA
6	Maintain and Enhance Tourism Sites through Public Private Partnerships	Medium	DPL, DLNR, CEDA
7	Promote and Incentivize New Air Service Routes to the Marianas	Medium	MVA, CPA, CEDA
8	Advocate for Greater Flexibility within the Guam/CNMI Visa Waiver Program	Short	CNMI
9	Repeal Executive Order 03-02 and Amend Public Law 14-27	Short	Legislature
10	Require Accreditation and Licensing for Tour Operators	Short	Legislature
11	Institute Penalties for Tour Guides Operating without Certification	Short	Legislature
12	Regulate Guest Houses, and Bed and Breakfasts	Short	Legislature
13	Establishment of a System of Universal Garbage Collection	Short	CNMI
14	Promote the establishment of privately operated Cooperatives	Medium	CNMI, CEDA, DLNR
15	Farm Plots are Targeted for Infrastructure Development and Support	Medium	CUC, IRP, DLNR
16	Pursue Financing Options for Commercial Fish/Agriculture/Cattle operations	Medium	CEDA, DLNR

17	Monitor and add the Marianas Experience in Conversations of National Labor Shortages	Short	CNMI
18	Seek Amendment to U.S. Public Law 115-218	Short	CNMI
19	Advocate for greater workforce numbers to increase opportunities for Marianas Residents	Short	CNMI
20	Establish Industry Organizations to Guide Vocational Training	Short	Private Sector, CNMI, GCEA
21	Greater research into the challenges of entrepreneurs in obtaining business finance	Short	CEDA, Commerce
22	Establish a Community Development Entity within CEDA	Medium	CEDA
23	Greater understanding of the business challenges should be acquired and captured	Short	CEDA, Commerce
24	CEDA is empowered to support Business Retention Initiatives	Short	CEDA, CNMI
25	Create an acceptable delineation between small, medium, and large-scale businesses	Short	GCEA
26	Establish Tiered Regulatory Requirements	Medium	CNMI
27	Utilize available investment incentives to establish opportunities for due diligence	Short	CEDA, DPL
28	Modernize the Investment Incentive Act of 2000	Short	Legislature
29	Coordinate Public Land Requests for Proposals with CEDA, OPD and MVA	Short	DPL, CEDA, OPD, MVA
30	Require adequate completion bonds for Public Land leases	Short	DPL
31	Enhance enforcement mechanisms for blighted properties	Medium	Zoning, CEDA
32	Include Targeted Abandoned properties in Targeted Economic Development Incentives	Medium	Zoning, CEDA

33	Align Permitting requirements and processes	Short	CNMI
34	Plan for the collocation of permitting staff	Medium	CNMI
35	Establish a unified online permitting portal for businesses	Short	CNMI, Finance
36	Mandate the Establishment of Agency and Department Websites	Short	CNMI
37	Require Customer Service Training for Customer-facing Staff	Short	CNMI, OPM

For this timeline:

- **Short** spans the duration of two to three years – potentially accomplished by 2023
- **Medium** is within the length of three to five years – 2023-2025
- **Long** anticipates a period between five to ten years – 2025-2030