

2023

# CITIZEN-CENTRIC REPORT

FISCAL YEAR 2023

## WHAT'S INSIDE

- Performance
- Finances
- Challenges/Outlook

## Our Mission

is to appropriate financial and technical assistance to facilitate the start-up or expansion of private and public enterprises for their success, the benefit of the CNMI's economic welfare and the long-term sustainability of CEDA.

## Our Vision

is to revitalize and reposition CEDA to perform its mission and achieve an overall vision of economic development for the CNMI.

## Who We Are and What We Do

The Commonwealth Economic Development Authority (CEDA) is a semi-autonomous agency of the government of the Commonwealth of the Northern Mariana Islands (CNMI). CEDA, formerly the Commonwealth Development Authority (CDA) that was established in 1985, now carries additional statutory mandates, foremost is to be proactive in the pursuit of industries and investments that will strengthen the CNMI economy. The CEDA Divisions to carry these functions are:

- The Development Banking Division (DBD) generally shall be engaged in government and public sector activities. The DBD serves as the financial advisor and coordinator to any public borrowing of the CNMI's departments, autonomous public agencies, municipalities, and public corporations, thru Bond and bank financing.
- The Development Corporation Division (DCD) generally shall be engaged in private sector activities. Through its loan programs, the DCD provides direct financing: 1) the Micro Loan Program of \$25,000 and below and 2) the Direct Loan Program of up to \$450,000. The State Small Business Credit Initiative (SSBCI) is a bank-driven program. CEDA was designated its implementing agency by the CNMI Department of Commerce to administer the Program in 2012. The SSBCI Program was closed early this year.
- CEDA administers and facilitates other investment initiatives; the Qualifying Certificate (QC) Program established in 2000 and the Opportunity Zone (OZ) Program in 2018. The QC Program provides for certain tax incentives for businesses in the CNMI that meet the Program requirements in return for their investment in the CNMI. Under the OZ Program, investors can defer tax on any prior gains if the gains are reinvested in a Qualified Opportunity (QO) Fund, a vehicle for investment in QO zones.

### CEDA WELCOMES A NEW FIELD REPRESENTATIVE FOR ITS TINIAN OFFICE

Ms. Joyce Flores joined the COMMONWEALTH ECONOMIC DEVELOPMENT AUTHORITY in January of this year. She has an associate degree in applied science in Business Administration. She has excellent communication and computer skills and has served the community in several non-profit organizations. She understands the challenges in doing business in Tinian and believes these challenges could be alleviated by networking— collaborating and coordinating with public and private organizations through public outreach, forums, social media to name a few. She looks forward to assisting and working with the community.

### CEDA BIDS FAREWELL TO ITS COMPTROLLER

Mr. Donnie James P. Militante worked for the COMMONWEALTH ECONOMIC DEVELOPMENT AUTHORITY for six (6) years. Mr. Militante has a wide range of accounting experience in both the public and private sectors. He was a valuable employee, a family, and he will be missed. He left CEDA to pursue other opportunities in the mainland U.S.A.

## MESSAGE FROM THE CHAIRMAN & EXECUTIVE DIRECTOR

*Hafa Adai! At the outset, on behalf of the Commonwealth Economic Development Authority (CEDA) Board of Directors and staff, Manny and I, recognize the past Board of Directors. Their exemplary leadership and invaluable service to this agency are profoundly appreciated. As we report our accomplishments, we extend our wholehearted gratitude to them for their contributions.*

*We warmly welcome our new Board of Directors, expecting CEDA's unwavering leadership to guide us through the critical task of rebuilding the CNMI's economy. We will diligently reassess our economic objectives to ensure the alignment of our policies, rules, and regulations with these objectives. It is imperative that we redouble our efforts to optimize operations, minimizing inefficiencies.*

*Furthermore, CEDA stands ready to collaborate closely with the Office of the Governor and the Legislature to advance these objectives. In closing, we look ahead with unwavering optimism and a renewed, steadfast commitment to our people. Si Yu'us Ma'ase'.*



**Frank Lee SN. Borja**  
Chairman, Board of Directors



**Manuel A. Sablan**  
Executive Director

## CEDA & DCD BOARD OF DIRECTORS, OFFICERS & MEMBERS (FISCAL YEAR 2023)

**Frank Lee SN. Borja (Tinian)**  
CEDA Chairman (01/06/23 to 09/25/23)  
DCD Chairman (05/03/19 – 09/25/23)

**Michael S. Sablan (Saipan)**  
CEDA Member (10/01/22 to 01/13/23)  
DCD Member (10/01/22 to 01/13/23)

**Aubry M. Hocog (Rota)**  
CEDA Chairwoman (10/01/22 – 01/05/23)  
Member, DCD Board

**Joaquin Q. Dela Cruz (Saipan)**  
CEDA Vice-Chairman (01/06/23 - 01/30/23)  
Member DCD Board

**Jocelyn T. King (Tinian)**  
Secretary, CEDA Board (01/6/23 – present)  
Member DCD Board

**Isidro K. Seman (Saipan)**  
Vice-Chairman DCD Board (10/28/22 – 01/29/23)  
Member, CEDA Board

Before the end of fiscal year 2023, newly appointed and confirmed by the CNMI Senate are the following CEDA Board of Directors:

Representing the island of Rota

**Daniel Q. Taitano**

**Dana A. Calvo**

Representing the island of Saipan

**Tania Sophia P. David**

**Michael S. Sablan**

**Frank M. Rabauliman**

DEVELOPMENT CORPORATION DIVISION (DCD)

In Fiscal Year 2023, the CEDA Board of Directors lacked a quorum, which led to a temporary delay in reviewing and deciding on certain key actions. We are pleased to report that we now have a nearly complete Board composition, which has re-energized our decision-making process. As we move forward, we are optimistic about the enhanced efficiency and effectiveness this brings to our operations, ensuring diligent and responsible services to the community.

DCD LOAN PROGRAMS

MICROLOAN AND DIRECT LOAN PROGRAMS	FY2022	FY2023*
Loan applications started (online)	36	69
Loans applications processed	23	19
Loans approved	17	8
Loans closed	14	6
Total amount of loans disbursed	\$480,168	\$116,000
Average interest rate	7.71%	8.17%
Average loan review time	4-7 days	4-7 days
Loans cancelled	1	1
Loans approval rate	74%	42%
Performing loans	122	102
Foreclosures	-	-
Foreclosed properties sold at auction	-	-

Type of Loans Approved (Overall)		
Business Type	Count	%
Construction & Rentals (3)	3	37.50%
Fishing & Marine Services (2)	2	25.00%
Other (2)	2	25.00%
Machines/Equipment/Repair	1	12.50%

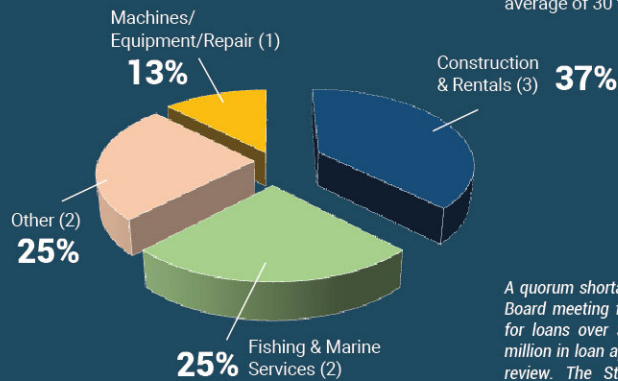
Micro Loans (\$25,000 and below)

The Micro Loan Program is under the purview of the Executive Director. The average loan review and decisions take about 5-7 days. Interest rates range from 5-5% to 9%, and terms of up to seven (7).

Direct Loans (\$25,000 to \$450,000)

The Direct Loan Program falls under the purview of the Board of Directors. For a complete loan application, the average loan review is 5-7 days and decisions usually within an average of 30 to 45 days.

Types of CEDA Loans Approved in Fiscal Year 2023



A quorum shortage resulted in just one DCD Board meeting for FY 2023, causing delays for loans over \$25k. Currently, about \$1.1 million in loan applications await DCD Board review. The State Small Business Credit Initiative program concluded in March 2023.

TOTAL LOANS APPROVED IN FISCAL YEAR 2023

Rota		
Business Category	Amount Approved	Count
Construction & Rentals	\$160,000	1
Retail	\$25,000	1
Other	\$3,000	1
	<b>\$188,000</b>	<b>3</b>
Saipan		
Business Category	Amounts Approved	Count
Construction & Rentals	\$50,000	2
Fishing & Marine Services	\$18,000	1
	<b>\$68,000</b>	<b>3</b>
Tinian		
Business Category	Amounts Approved	Count
Construction & Rentals	\$20,000	1
Fishing & Marine Services	\$25,000	1
	<b>\$45,000</b>	<b>2</b>
<b>Total for FY 2023</b>	<b>\$301,000</b>	<b>8</b>

Microloan & Direct Loan Programs (All Districts)		Microloan & Direct Loan Programs (Saipan)		Microloan & Direct Loan Programs (Tinian)		Microloan & Direct Loan Programs (Rota)	
Description	FY2023	Description	FY2023	Description	FY2023	Description	FY2023
Loan applications started (online)	69	Loan applications started (online)	40	Loan applications started (online)	13	Loan applications started (online)	16
Loan applications processed	19	Loan applications processed	11	Loan applications processed	4	Loan applications processed	4
Loans approved	8	Loans approved	3	Loans approved	2	Loans approved	3
Loans closed	6	Loans closed	3	Loans closed	1	Loans closed	2
Total amount of loans disbursed	\$116,000	Total amount of loans disbursed	\$68,000	Total amount of loans disbursed	\$20,000	Total amount of loans disbursed	\$28,000

DEVELOPMENT BANKING DIVISION (DBD)

The CIP Bond Interest account was depleted. Availability is zeroed out, but projects are ongoing as funds appropriated are reserved. For FY 2023, the total amount disbursed was \$49,014. The balance on the CUC Dividend Payment Account, as of September 30, 2023, is \$5M. In FY 2023, Saipan Local Law 23-02 appropriated \$1M of the dividends for road construction, water lines, and wastewater lines at the Northern Marianas College.

ECONOMIC DEVELOPMENT ACTIVITIES / QUALIFYING CERTIFICATE PROGRAM

CEDA continues its collaborative efforts with public and private sectors in the development of new businesses and retention and expansion of existing businesses in the CNMI. For 2023, CEDA executed a Memorandum of Understanding with the Small Business Development Center (SBDC) at the Northern Marianas College. The MOU between the two parties strengthened its commitment to assist small businesses by providing technical assistance services through trainings, workshops, and seminars. Also in early part of 2023, CEDA Economic Development Manager participated in Saipan Chamber of Commerce's Economic Forum which discussed economic conditions, challenges, and opportunities for the CNMI. CEDA also, for the first time, participated in Select USA, an event held by US Department of Commerce to market US states and territories to foreign investors.

There are three (3) QC beneficiaries in FY 2023; the Saipan Globe International Group, Bridge Capital LLC and Marshall Holdings, Inc. There were inquiries into the QC program to invest in the CNMI but a formal application has yet to be submitted. We continue to market the CNMI and if necessary, the QC program to help spur economic activity.



Economic Forum at Kensington



SBDC advisory Board w/ SBA & CEDA

Commonwealth Economic Development Authority (CEDA) is a self-funded autonomous agency that derives its revenue for its operations from various sources such as interest and fees from loans, interest and dividends from investments, income from leases, and rentals. This fiscal year, our growth was met with challenges and risks. Both are part of our standard operating environment and significantly affected our priorities and strategies. To address these, we will continue to seek creative financing to leverage our current resources and routinely evaluate the most effective use of our capital assets.

**FINANCIAL STATEMENT SUMMARY**

**STATEMENT OF NET POSITION**

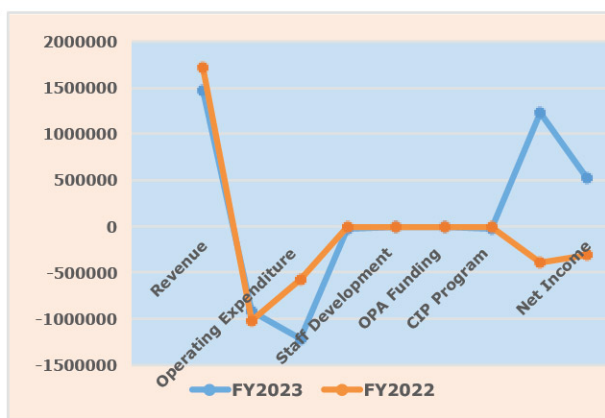
	2023	2022
<b>Assets</b>	\$42,515,175	\$44,900,277
Liabilities	3,271,880	7,822,311
Net Position	39,243,295	37,077,966
Liabilities and Net Position	\$42,515,175	\$44,900,277

**STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION**

	2023	2022
Operating Revenues	\$1,465,038	1,706,459
(Provision for) recovery for loan impairment	1,226,570	(392,250)
Net Operating Revenues	2,691,608	1,314,209
Operating Expenses	(526,279)	(1,623,979)
Operating Loss	2,165,329	(309,770)
Non-operating Revenues (Expenses), net	-	(8,913)
Change in Net Position	2,165,329	(318,683)
Net Position - beginning	37,077,966	37,396,649
Net Position - ending	\$39,243,295	\$37,077,966

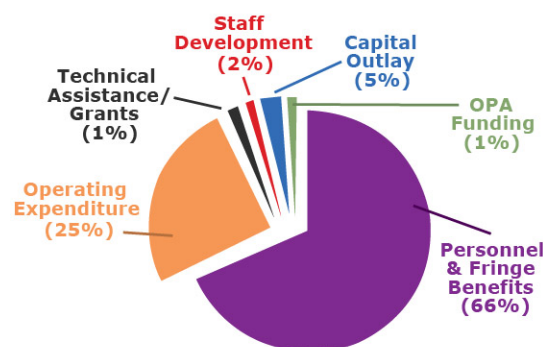
**PROFIT AND LOSS COMPARATIVE**

Account	FY2023	FY2022
<b>Revenue</b>	<b>\$1,465,038</b>	<b>\$1,706,459</b>
Personnel & Fringe Benefits	-909,689	-1,024,689
Operating Expenditure	-1,214,842	-573,515
Technical Assistance/Grants	-20,849	0
Staff Development	-7,203	-13,775
OPA Funding	-12,000	-12,000
CIP Program	-18,234	-8,913
(Provision for) recovery of loan & interest impairment	1,226,570	-392,250
<b>Net Income</b>	<b>\$508,791</b>	<b>\$(318,683)</b>



**CEDA BUDGET 2023**

Budget Item	Budget Amount	% of Budget
Personnel & Fringe Benefits	\$1,056,432	66.4%
Operating Expenditure	394,210	24.8%
Technical Assistance/Grants	18,000	1.1%
Staff Development	30,870	1.9%
Capital Outlay	75,800	4.8%
OPA Funding	\$15,745	1.0%
<b>Total Budget</b>	<b>\$1,591,057</b>	<b>100%</b>



At the beginning of fiscal year 2023, recovery efforts were hampered with economic uncertainty in the CNMI. However, our outlook for 2024 is optimistic. The proposed reform of the Investment Incentive Act will strengthen our collaborative efforts toward recovery and position CEDA to better face the challenges ahead.

**CHALLENGES**

Overlapping and similar missions with respect to economic development. Difficulty in obtaining information and data from other agencies, especially in updating demographics, financials, and economic information when CEDA is exploring the bond market on behalf of the CNMI government.

**RECOMMENDATIONS**

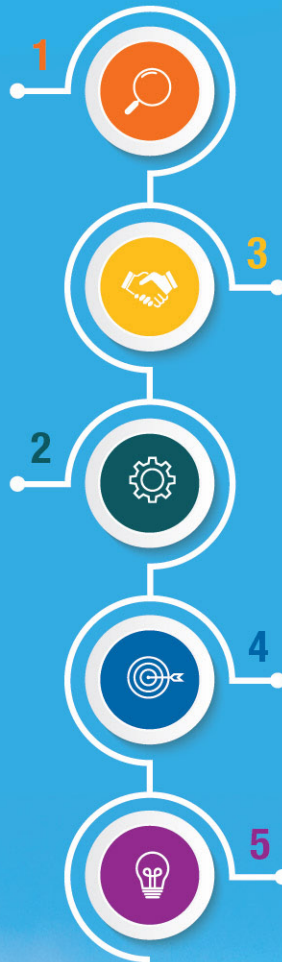
Meet with the Executive Branch and Legislature about having CEDA be the lead economic development. All functions and funding of other agencies be transferred to CEDA. P.L. 22-01 created CEDA to assist and lead in developing an economic development plan for the CNMI. CEDA could accomplish this mandate with adequate support. A coordinated and centralized economic development office in CEDA is needed to streamline efforts.

**CHALLENGES**

CEDA is tasked to actively promote the CNMI as a location for private investment and promote and encourage the development of new businesses and the retention and expansion of existing businesses in the CNMI.

**RECOMMENDATIONS**

CEDA will coordinate and collaborate with different regulatory agencies on commerce, tourism, and trade find ways to streamline the processes to do business in the CNMI. CEDA will update the Investment Guide on how to set up business in the CNMI. This Guide was developed by CEDA's predecessor, CDA, in 2003.



**CHALLENGES**

CEDA is tasked to promote and encourage the expansion and development of a market for products from the CNMI. And to coordinate, develop, and participate in off-island investor missions to generate interest and investment in the CNMI with emphasis on business investments from the United States of America

**RECOMMENDATIONS**

CEDA participated in international economic development conferences and investment summits which can lead to aid in technical support, case studies, and funding from the US Economic Development Administration (EDA) and International Economic Development Council (IEDC). CEDA will continue to seek opportunities with organizations and meet with investors to fulfill its mandate in promoting the CNMI and its products.

**CHALLENGES**

Issues persist in the foreclosures and post-judgment processes.

**RECOMMENDATIONS**

We aim to collaborate with the Legislature to: 1) Remove remaining balances on debts after a property's judicial foreclosure and auction. Only auction proceeds would be owed to creditors. 2) Reduce the redemption period for foreclosed properties from one year to three months.

**CHALLENGES**

Need for new lending programs to boost the CNMI's business environment by attracting new clients.

**RECOMMENDATIONS**

The CEDA Board and management are considering a non-commercial lending assistance package. Due to current legal restrictions, we will pursue amendments to the CEDA law to enable this.

**Get In Touch With Us**

For more information about CEDA  
[www.developcnmi.com](http://www.developcnmi.com)

Commonwealth Economic Development Authority



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