

Final FY04 Performance Monitoring Report Marshall Islands Visitors Authority (MIVA)

I. Introduction

The FY04 Marshall Islands Visitors Authority (MIVA) annual report is organized as follows:

- I. Introduction
- II. Objective Areas, Outcomes, Output Groups and Major Accomplishments
- III. Main Issues Confronted, Non Monetary Adjustments, Revisions and Potential Resolutions
- IV. Funding by Outcome
- V. Financial Performance by Output Group
- VI. Annual Measures
- VII. Analysis

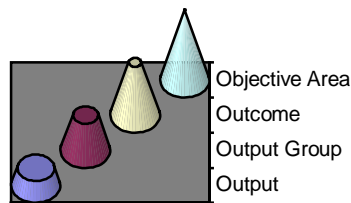
MIVA was established in 1997 under the Tourism Amendment Act (Public Law 1997-43). Compact funding for MIVA is administered through Ministry of Resources and Development. MIVA identified 1 Outcome*, the Outcome relates to the Objective Area of Tourism Development.

Objective Area: Tourism Development

* (MIVA Outcome is designated as R&D Outcome 5)

Each Outcome consists of a series of Output Groups. The Output groups contain a number of related Outputs. The outputs are the core elements of the Output Group. The Outputs, collectively developed as Output Groups, provide the foundation for the Outcomes and link to the Objective Area. Chart 1 illustrates the hierarchical relationship among Outputs, Objective Area.

Chart 1: Hierarchy of Outputs, Output Groups, Outcomes and Objective Areas



All MIVA Outputs are linked to the MIVA Business Development Plan as composed by MIVA staff. The MIVA outputs reflect areas of staff prioritization. The MIVA Outcome (R&D Outcome 5) is composed of 3 Output Groups.

II. FY04 Objective Areas, Outcomes, Output Groups and Major Accomplishments

This section provides a breakdown of the MIVA portfolio by identifying the Objective Areas, Outcomes and Output Groups. The major accomplishments for each Output Group are listed. Additional information on all accomplishments is available in the FY04 quarterly reports and the corresponding quarterly performance matrixes.

A. Objective Area: Tourism Development

The objective area contains one Outcome:

Outcome 5: To Increase Private Sector Development through Tourism Promotion

Outcome 5 contains 3 Output Groups. Major FY04 accomplishments are listed for each Output Group.

Output Group 5.1: Marketing and Promotion

- 2004 RMI Pocket Calendar completed
- Majuro Guidebook, Visitor Leaflets, and German Period Leaflet completed and stocked. Stocked RMI brochures in RMI Mission at the UN, School of Tourism in Guam, RMI Embassy in Japan
- RMI Destination Video completed.
- MIVA attended JATA trade show, PATA meeting in Saipan and The Pacific Festival of Arts in Palau
- MIVA hosted the PATA (Pacific Asia Travel Association) Micronesia Chapter meeting (during 2Q)
- MIVA chairman attended a Taiwan Trade Fair along with Government and private sector officials
- MIVA sponsored a trade mission to Tokyo, Japan in efforts for promote tourism in the RMI and to promote the idea of a direct flight from Japan to the RMI. Also collaborated with Majuro Chamber of Commerce to send one participant to the Japanese Trade Mission
- MIVA, Marshalls Dive Adventures, and Sea & Sea Magazine collaborated to offer two free trips for vendors and consumers to come to the RMI in efforts to promote tourism
- Waan Aelon in Majol Canoe displayed at the Marriott Ocean Club in Lahaina, Maui (MIVA assisted)
- Majuro featured in Action Asia Magazine, as one of Asia's top 12 snorkeling destinations, and also appeared in Action Asia Dive Supplement and Sport Fishing Magazine
- ARD German TV from Tonga shot a segment of "Traveling Along the International Dateline" show, featuring WWII relics and interviewed families affected by the Nuclear Tests in Bikini Atoll
- All-Micronesian Fishing Tournament, over 20 teams from Micronesia, including teams from Hawaii, New Zealand
- 9 divers from Australian dive shops visited Majuro for three days, diving with Yokwe Divers/Rongelap Expeditions

Output Group 5.2: Tourism and Environmental Awareness

- MIVA mobile unit operations continue. Established in 1999 to keep the public/picnic areas clean for tourists
- Coordinated with the RMI EPA and Japanese Overseas Cooperative Volunteers an environmental awareness campaign (poster contest, island clean-up, and can recycling) for 6 graders from 2 public elementary schools
- Continue to work with MIMRA, CMI, and MIA in establishing Marine Protected Areas
- 2nd Mooring Buoys Project in final stages. To be installed in designated on both Majuro and Arno

Output Group 5.3: Training and HR Development Program

- Working with HTTP at CMI (Hospitality and Tourism Training Program). Students come to MIVA for one on one information awareness (30 graduates)
- Staff continue to attend accounting training
- MIVA sponsored a Land Tour Guide Training Project w/ members of the private/tourism sector and Lisa King of University of Hawaii, Hilo. 10 individuals trained and certified to conduct land tours on Majuro Atoll

III. Main Issues Confronted, Non Monetary Adjustments, Revisions and Potential Resolutions

This section provides details of issues that arose, non-monetary revisions to the portfolios and where relevant possible potential resolutions

Outcome 1

- Japan/Europe Familiarization Trip postponed indefinitely due to lack of tourist infrastructure development in RMI. MIVA is working with MALGOV and the private sector to bring awareness to specific issues including solid waste and lack of hotel capacity
- Working in coordination with EPPSO and other Ministries to develop additional annual targets and measures of performance in areas of capacity, infrastructure and environment

IV. FY04 Funding by Outcome

The statement below (Statement 1) provides a breakdown of MIVA FY04 funding by source for each Outcome.

Column A contains the estimated budget amounts calculated at the start of the FY04 fiscal year. The amounts were determined by specific identification. Estimated costs are applied only to a specific output group and a specific output. Estimated costs that applied to more than one output group and output were allocated by the percentage of employee time spent (e.g. salaries and benefits). Other costs that could not be allocated this way were allocated using the total specific direct costs as a base for the allocation.

Column B provides the amended budget allocations at the end of the fiscal year. Revised administered appropriations and revised ministry appropriations are presented in this column. Revision to grant funding did not require Nitijela approval. All spending for each output group was tracked on a quarterly basis (See Section V). In some cases transfers among Output Groups is also reflected in this column. These transfers did not require Nitijela approval. The bottom line of Column B provides the adjusted appropriation, the actual amount spent (for each outcome) and the amount of appropriations that was not spent. Figures in Column B have been calculated based on MOF SF 269 financial reports and original FY04 performance portfolio allocations.

Outcome 1 Budget Statement

Statement 1: Estimated and Amended Appropriations, Revenue, And Spending Outcome 1 FY04

Statement 1: MIVA Outcome 1 FY04		
	Estimated Budget FY04	Amended Budget FY04 (End of Year)
Administered Appropriations	Column A	
Compact Directed Funds	\$100,000	\$100,000
Special Funds	\$200,000	\$162,297
Other Funding		\$94,919
Total administered expenses	\$300,000	\$357,218.
Ministry Appropriations		
Output Group 5.1 – Marketing and Promotion	\$249,000	\$292,958
Output Group 5.2 – Tourism and Environmental Awareness	\$27,000	\$32,455
Output Group 5.3 – Training and HR Development Program	\$24,000	\$31,803
Total price from Ministry outputs	\$300,000	\$357,216
Total revenues from appropriations	\$300,000	\$357,216
Contingency and Depreciation Funds		\$40,695
Total Estimated & Amended Resources for Outcome 1	\$300,000	\$397,911
Total Actual Spending Outcome 1		\$298,778
Unused Funding Outcome 1 FY04		\$99,133

Statement 1 (MIVA Outcome 1)

Outcome 1 Major Sector Revisions and Adjustments

Amended Budget Explanations (MIVA Outcome 1)

Appropriations

- MIVA received \$37,703 less than it had budgeted for in FY04 (distribution of Special Funds thus reducing the total allocation from appropriation sources to \$357,216.

- In 2Q MIVA received Hotel Tax Funding from the RMI for 2002 and 2003 for a total of \$53,779. This money was not budgeted, and therefore not used in FY04. It will be budgeted/used in FY05.
- MIVA has drawn out of its reserve (grant roll-over from previous FY) \$94,919. This was distributed throughout the MIVA budget portfolio in FY04 during the 2Q.
- Total budget has increased to \$357,216 for FY04 (not inclusive of depreciation and contingency)
- In FY04, \$17,000 was drawn to cover the RMI depreciation standards, and \$23,695 was drawn to cover the Contingency fund for the office (increasing the total budget to \$397,911). Inclusion of both the Contingency and the Depreciation Funds have been included in the revised FY05 Budget Portfolio. The remaining funds of \$99,133 will be rolled-over for FY05 programs/projects.

Transfers among Output Groups

- Output Group 5.1 increased from \$249,000 to \$292,958 (2Q)
- Output Group 5.2 increased from \$27,000 to \$32,455 (2Q)
- Output Group 5.3 increased from \$24,000 to \$31,803

V. Financial Performance by Output Group

Financial performance is linked to Outcomes through expenditures for each Output Group. Statement 1 (above) provides the total amount of unused funds for each Outcome. In order to identify specific areas where allocated funds were not spent, Table 1 below provides the allocated budget and the total spending for each Output Group. This information will allow MIVA to better allocate funds in the future and to determine why allocated funds were not spent.

Outcome	Output Group 1.1	Output Group 1.2	Output Group 1.3	Total
Outcome 1: To Increase Private Sector Development through Tourism Promotion	Total spent/allocated \$245,032/\$292,958	Total spent/allocated \$27,146/\$32,455	Total spent/allocated \$26,600/\$31,803	Total spent/allocated \$298,778 (spent) \$357,216 (budget)
Total MIVA Expenditure				\$298,778 (spent) \$357,216 (budget)

Table 1: Financial Performance by Output Group MIVA FY04

VI. Annual Measures (and Data)

Outcome 1: To Increase Private Sector Development through Tourism Promotion

Output Groups 5.1, 5.2 & 5.3	2002	2003	2004
Total Visitor arrivals (air)	6,002	7,195	7,022
Air Visitors (Business)	2,165	2,245	2,227
Air Visitors (Holiday)	1,445	1,380	1,470
Air Visitors (VFR)	763	769	810
Air Visitors (Other/Not Stated)	632	416	736
Total Visitor arrivals (sea)	N/A	N/A	1,985
Sea Visitors (Business)	N/A	N/A	772
Sea Visitors (Holiday)	N/A	N/A	1213
Sea Visitors (VFR)	N/A	N/A	0
Sea Visitors (Other/Not Stated)	N/A	N/A	0
Total Visitor Nights (Air/2003) (Air &Sea 2004)	N/A	40,399	37,547
Total Visitor Nights Business (Air/03) (Air/Sea/04)		15,302	14,452
Total Visitor Nights Visitors (Air/03) (Air/Sea/04)		8,567	10,048

VII. Analysis and Conclusion

- Approximately \$53 was spent for each business and vacation visitor (air and sea) who came to the Marshall Islands.
- 04 saw a slight decrease in total visitor traffic to the RMI, figures represent a 2.4% decrease.
- Mechanisms need to be further investigated and developed that will allow MIVA to gain revenues as tourist/business numbers increase, this will relieve pressure on the General Fund.
- However, other sectors that impact on tourist and business development need to be given a higher priority, such as solid waste and general environmental/tourism awareness if tourism development is to move forward and become a more significant element of the economy.
- MIVA has been doing an excellent job in collecting and producing statistics, processing all the travel documents collected at the ports.
- MIVA has been very cooperative and open particularly with financial information; this has been a big help during the entire reporting process.