

MINUTES OF THE CITEM BOARD OF GOVERNORS' MEETING
6th REGULAR BOARD MEETING
25 November 2021, 9:30 am -12 noon
VIRTUAL CONFERENCE

IN ATTENDANCE:

BOARD MEMBERS

Abdulgani M. Macatoman
Undersecretary for Special Concerns and Trade Promotions Group (TPG)
Alternate Chairman

Ms. Rosalina Tan
Bangko Sentral ng Pilipinas

Ms. Paulina Suaco-Juan
CITEM

Mr. Elcid C. Pangilinan
Land Bank of the Philippines

Ms. Elsa Asuncion – Lim
National Food Authority

CITEM OFFICERS

Ma. Lourdes D. Mediran
Deputy Executive Director

Rowena Mendoza
OIC DM, OG2

Charles Aames Bautista
Department Manager, CCSD

Wilma Dulay
Budget, Chief

Atty. Anna Grace I. Marpur
Corporate Board Secretary

Jewel Udarbe
Corplan, ADC

Florence Buensalido
HRD, Chief

Malema C. Buyao
Controllershship, Chief

Romina Aurea Magno
Corporate Planning Division, Chief

I. PROOF OF DUE NOTICE AND DETERMINATION OF EXISTENCE OF QUORUM

1. The Corporate Board Secretary determined the existence of Quorum. Notice of Meeting and Board Paper materials were sent to respective Board Members on 11 November 2021.

II. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING (18 August 2021)

1. Discussion of the Summary of Actions taken from the previous meeting:
2. The Revised 18 August 2021 Minutes of the Meeting, incorporating minor comments from the Board Members, was presented to the Board.
3. Having no further comments—

"RESOLVED, that the REVISED Minutes of the Previous 18 August 2021 Virtual Board Meeting, incorporating comments from the Board Members, is hereby APPROVED."

(Res. No. BM 2021-11-01)

"RESOLVED FURTHER, that the Summary of Actions and Matters Arising From the 18 August 2021 Virtual Board Meeting, are hereby NOTED."

(Res. No. BM 2021-11-02)

III. APPROVAL REVISED 2022 CORPORATE OPERATING BUDGET AND WORK PROGRAM BASED ON DBM-RECOMMENDED SUBSIDY LEVEL

REVISED CORPORATE OPERATING BUDGET

1. On 04 June 2021, CITEM submitted to DBM its Budget Proposal for FY2022 amounting to P504.684M as approved by the Board during the 07 May 2021 Board of Governors Meeting. Funding Sources of said amount are broken down into NG Subsidy of P398.352M and CITEM Funds in the amount of P106.332M.

Particulars	2022 Proposed C.O.B.	2022 Revised C.O.B.	Difference	% Increase (Decrease)
I. Funding Sources				
NG Subsidy	398.352	152.612	(245.740)	(62%)
Corporate Revenues	44.465	20.680	(23.785)	(53%)
Prior Year Savings / Cash drawdown	61.867	77.960	16.093	26%
Total Sources	504.684	251.252	(253.432)	(50%)
II. Budgetary Requirements				
Personal Services (PS)	102.733	95.041	(7.692)	(7%)
Maintenance & Other Operating Expenses (MOOE)	398.352	152.612	(245.740)	(62%)
Capital Outlay (CO)	3.599	3.599	-	-
Total Budget	504.684	251.252	(253.432)	(50%)

2. The proposed NG Subsidy of P398.352M was broken down into DBM recommended Level of P141.885M for Tier 1, which is the same level as the Year 2021's Tier 1 subsidy and CITEM-proposed budget of P256.467M for Tier 2, which is currently under DBM evaluation.
3. Tier 1 PAPs composition, in the amount of P141.885M is breakdown as follows:

Export Promotional Projects	Budget – Operations (In Million Php)
CITEM Signature Events to be held hybrid or in purely online/digital format* (FAME+, IFEX Philippines, CREATE Philippines, and SSX), two (2) hybrid Overseas Trade Fair (OTFs) and two (2) Digital Overseas Trade Fairs	46.122 (Direct Costs)
The maintenance or upgrading of its digital promotion platforms	43.890
TOTAL, OPERATIONS	90.012
Support to Operations (STO): To cover institutional management support services such as Corplan, PR & Marketing, and IT Services	20.624
General & Administrative Services (GAS): To cover Office Management & Maintenance expenses	31.249
TOTAL TIER 1	141.885

* Mounting of IFEX Philippines (physical event) is subject to the availability of additional funds and will depend on the improvement of the COVID19 situation in the country.

4. In a letter dated 15 July 2021 signed by DBM Secretary Wendel Avisado, the DBM notified CITEM of its recommended subsidy level for FY2022 amounting to P152.612M for Tier 1 and Tier 2.

TIER 1	P 141.885M (for Operations, GAS, and STO)
TIER2	<u>10.727M</u> (for STO)
Total	<u>P 152.612M</u>

5. The recommended subsidy level is a PHP 245.740M decrease or 62% less from the originally proposed budget. On the query by the Board on the financial impact of this decrease to CITEM:
- CITEM will have to prioritize implementation of projects that were granted subsidy funding, thus a Revised 2022 Work Program is proposed for approval.
 - Reduction of projected revenue by 53% due to budget subsidy limitations. In addition, CITEM will prioritize projects that have secured funding, and other projects will be deferred and/or cancelled.
 - An additional cash drawdown of PHP16M is proposed due to these reasons.

2022REVISED WORK PROGRAM

6. Based on the DBM-recommended subsidy, CITEM's Revised Work Program for FY 2022 was proposed as follows:

Priority Ranking	Proposed PAPs	Original Budget Request (In Million PhP)	Status	Revised WP 2022 (In Million PhP)
Tier 1				
1	Signature Events	46.122		46.122
	Manila FAME / FAME+ Market Days	9.261	Prioritized	9.261
	IFEX Philippines	3.211	Prioritized	3.211
	Sustainability Solutions Exchange(SSX)	-0-	Prioritized	-0-
	Create Philippines	6.000	Prioritized	6.000
	Overseas Trade Fairs (OTF)			
	Gulfood 2022	9.850	Prioritized	9.850
	China International Import Expo (CIIE)	10.000	Prioritized	10.000
	MOM	4.500	Prioritized	4.500
	NY Now Digital Market	3.300	Prioritized	3.300
	The maintenance or upgrading of digital promotion platforms	43.890	Prioritized	43.890
	Web developmentrenewal -Maintenance and Upgrade forFAME+, IFEX and FoodPH, Create Philippines, and SSX	14.500		14.500
	Customer Relationship Management System Renewal with Social Planning Tool	9.000		9.000
	Content Development Renewal for FAME+, IFEX, and FoodPH, Create Philippines, and SSX	18.608		18.608
	Web Server Hosting Renewal	0.750		0.750

	Hopin License Renewal	1.032		1.032
	Total, Operations	90.012		90.012
	Support to Operations	20.624	Prioritized	20.624
	General Administrative and Services	31.249	Prioritized	31.249
	TOTAL - TIER 1	141.885		141.885

7. The DBM-recommended subsidy level of P152.612M will be allocated by type of expense as follows:

Expense Category	Budget
<u>Operations</u> : Implementation of various export promotional projects that will assist local SME exporters, designers, and manufacturers in the global market and contribute to the attainment of inclusive economic growth;	P 90.012 M
<u>Support to Operations (STO)</u> : To cover institutional management support services such as Corplan, PR & Marketing, and IT Services, including the <i>Advertising and Digital Optimization of Events and Platforms Project</i>	31.351 M
<u>General & Administrative Services (GAS)</u> : To cover Office Management & Maintenance expenses	31.249 M
Total	P 152.612 M

^{1/} Subject to funding support from DTI and other partners from government and the private sector.

The Tier 2 subsidy of P10.727M will be allocated for the 'Advertising and Digital Optimization of Events and Platforms' as mentioned above.

8. To summarize, CITEM shall prioritize the following projects in FY 2022 due to the following reasons:

Export Promotional Projects	Budget – Operations	Justifications
Four (4) CITEM Signature Events to be held hybrid or in purely online/digital format* (FAME+, IFEX Philippines, CREATE Philippines, and SSX).	P 46.122 M	Signature events are flagship programs of CITEM that have benefitted a historically larger number of stakeholders vs other projects of the agency. Further, Signature Events carry more impact on our Performance Evaluation System (PES) Scorecard than other programs/projects of CITEM, hence are both strategic and important to the agency.
Two (2) hybrid Overseas Trade Fair (OTFs): CIIE and Gulffood		The China International Import Expo (CIIE) is a political commitment of the DTI, hence a priority project. On the other hand, PH participation in Gulffood 2022 is linked to the PH participation in Dubai Expo 2020; further, the agency has made pre payments already for the event.

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158 IV. APPROVAL ON THE MEDIUM-TERM MARKETING PLAN FOR 2022-2024

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1. Last 04 August 2021, the Governance Commission for GOCC's (GCG) transmitted the modified CITEM's Performance Scorecard. Strategic Measure 5 was modified from website unique users to the submission of a board-approved medium-term marketing plan covering the period of 2022-2024, which represents 5% of the PES score.

2. Given the uncertainty of the pandemic and fluctuating budget allocation for the agency, CITEM has drafted a general three-year integrated marketing strategy that has the flexibility to adapt to any increase or decrease of subsidy levels or projects to be implemented. The strategy has the the following objectives:

2.1.1 Promote the digital trade community

2.1.2 Recruit exhibitors to be part of the digital platform

2.1.3 Recruit buyers to register and connect with exhibitors of the digital platforms

2.1.4 Promote exhibitors in other platforms, and continue linkages in overseas trade fairs

2.1.5 Conduct local signature events via hybrid and online mode

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3. BSP Board Member Ms. Rosalina Tan inquired the following:

a. a clarification on the basis or assumption in the 2022 – 2024 targets or KPI metrics, and how to achieve these targets

b. the impact of the marketing plan in the overall export sales target

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4. Mr. Charles Bautista replied that the KPIs or targets were benchmarked on the 2021 marketing costs allocated to digital, printing, advertising, and onsite campaigns vis-à-vis acquisition or leads generated from those campaigns. Also, a 10% annual increase of target for the succeeding years as required by the DBM and GCG, subject to the subsidy level to be received by CITEM.

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5. On the export sales target, CITEM does not measure its marketing campaign efforts that are translated into export sales. Rather, it measures its performance based on leads generated and the number of community followers attracted to the digital platform.

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6. In addition, Ms. Pauline said that it is difficult to draw a causal relationship between sales report and marketing effort. There are extraneous variables that affect the sales of a company, e.g, shipping costs and customer service, which do not have anything to do with CITEM's promotional or campaign efforts. Thus, to accurately measure the performance of a marketing campaign is by looking into leads generated rather than sales. Likewise, sales reported by the exhibitors are self-declared and not audited.

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7. As suggested both by BSP and DTI Board Members, a periodic review of the Marketing Plan shall be undertaken in order to track progress of the KPIs, to monitor actual performance vs targets and to make recommendations if these targets can be adjusted based on new market developments.

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8. The NFA representative asked the following:

a. What comprises social media following

b. Is there a cost involved on target social media following

c. How does CITEM measure its PR value?

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9. In reply:

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a. The social media community following comprises the 7 platforms managed by CITEM -- Facebook, Instagram, Twitter, Pinterest, Youtube, Spotify, and Viber community

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b. Social Media costs vary per country. For instance, Middel East acquisition cost is about PHP150-200, while PHP300-400pesos for the US market. And, the PH cost following is at PHP 5-20.

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c. On the PR value, a third party resource partner, MEDIA METER, was engaged to compute the CITEM PR VALUE thru the Advertising Value equivalent (AVE).

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However, international PR industry uses the PESO approach (Paid, Engaged, Shared, Owned) to measure the PR value of a media company.

10. Having no more comments ---

"RESOLVED, that the CITEM MEDIUM TERM MARKETING PLAN 2022-2024, being in order, is hereby APPROVED

(Res. No. BM 2021-11-05)

V. ENDORSEMENT OF THE PROPOSED CITEM 2022 PERFORMANCE SCORECARD (PES)

1. CITEM management decided to incorporate a more inclusive growth framework for SMEs in the 2017-2023 Strategy Map. CITEM envisions that by 2023 CITEM is a globally recognized export promotion agency that is well-reputed for bringing the best of the Philippines to the priority markets indicated by the Philippine government.

2. The theme for the 2017-2023 Strategy Map is **I CaRe: Innovate. Capacitate. Resonate.**

2.2.1 INNOVATE. CITEM aims to champion innovation both for internal and external stakeholders. Externally, to service more sectors, CITEM aims to innovate by creating new flagship trade platforms and events such as CREATE Philippines and the Sustainability Solutions Expo, expanding its portfolio into more sectors in the creative economy and into the sustainability solutions/circular economy sector covering the food, beverage, and lifestyle enterprises. Following the success of FAME+, CITEM launched a similar platform for the Food and Beverage (F&B) sector called IFEXConnect (www.ifexconnect.com) in 2021. This platform features online product catalogs and provides opportunities for B2B interaction between exhibitors and buyers through the features that make it easy to connect, request quotation, present products, and receive inquiries virtually. Internally, CITEM has continually forayed into improving its internal processes to assist SMEs more effectively through capital investments in state-of-the-art information technology (IT) systems.

2.2.2 CAPACITATE. CITEM, as a government instrumentality, wants to add value to its promotional activities by equipping the SMEs with the right skills and tools to make them global players and help them succeed in international markets. CITEM's goal is to internationalize SMEs and help grow their business and all its stakeholders across value chains.

2.2.3 RESONATE. CITEM aims to resonate with its stakeholders and clients by elevating the Philippines as a top sourcing destination of choice through its various programs, activities, and projects. For FY2021, CITEM strengthened its efforts in content marketing and promotions through the Digital Trade and Community Platform (DTCP) for Manila FAME called FAME. Launched in October 2020, FAME+ is the touchpoint website for the HFL sector and the Philippines' participation portal in other local and international digital trade fairs or digital promotion platforms. Through these initiatives, Philippine export products and brands acquire greater visibility in the international sourcing market through targeted and strategic messaging that highlights the quality, beauty, craftsmanship, and value of Philippine products and services, and the important role Philippine enterprises play in the global trade of these products and services.

3. CITEM submitted its proposed FY 2022 PES on 19 November 2021. For FY2022, the proposed Strategic Objectives and Strategic Measures in CITEM's PES aim to capture CITEM's efforts across the 4 pillars of Finance, Stakeholder/Social Impact, Internal Process, and Human Resource Development.

4. The proposed CITEM FY 2022 Performance Evaluation System (PES) has no change in its Charter Statement - Vision, Mission and Core Values (VMV) as compared to the 2021 Charter Statement. CITEM priority markets are identified in FY2022 as follows: for Food and Beverage (F&B) sector—IFEX PH Hybrid Event (subject to fund availability), Gulfood, and CIIE; Home, Fashion, Lifestyle (HFL) sector—Manila FAME Digital Event, Maison&Objet and More (MOM), and NY NOW; Creative sector—Create PH; Sustainability sector—Sustainability Solutions Exchange (SSX) Digital Event. The priority geographical markets across these sectors are the US, European Union (EU), China and the Middle East. These priority markets are reflected in the proposed CITEM Work Program FY2022 provided below:

2.4.3 CITEM Signature Events, FY2022

PROJECT	VENUE	DATE
IFEX PHILIPPINES (Hybrid Event)*	Online and Manila Philippines	September 2022
MANILA FAME Digital Event	Digital	19-21 October 2022
Sustainability Solutions Exchange (SSX) Digital Event	Online/Digital	March 2022
CREATE PHILIPPINES Digital Event	Digital	TBA

2.4.2 CITEM Overseas Events, FY2022

PROJECT	VENUE	DATE
Gulfood (Hybrid participation)*	Online and Dubai, UAE	13-17 February 2022
China International Import Expo (Hybrid participation)*	Online and Shanghai, China	04-10 November 2022
Maison&Objet and More (MOM)	Digital	January – September 2022

- For its 2022 PES Scorecard, CITEM included the following 'new' Strategic Measures: a) Number of Website visitors (to reflect content Marketing Impact) under the Strategic Objective Increase Stakeholder Awareness. All other metrics/measures were retained from the FY2021 PES Scorecard. The PES rating utilized is a combination of all or nothing and graduated scale rating.
- The Alternate Chairman asked which among the 4 pillars will perform well in 2022? In reply, (1) the stakeholder metrics, (2) internal process, (3) PR value metrics, (4) percentage of satisfaction rating are achievable.
- Further, NFA inquired on the 2021 PES CITEM performance. CITEM reported that the agency is projected to get a PES score of 88.33%. The Board was likewise informed that CITEM has a pending appeal for recalibration to the GCG to cancel a 10% equivalent of Strategic Measures that are dependent in the implementation of physical events. With this appeal, the GCG will decide either (1) deny the appeal or (2) grant and redistribute the 10% other SMs or (3) grant the appeal, and totally remove the assigned 10% point and recompute.
- On the question by NFA and LBP Board Members on the projected score in any of these scenarios, it was further explained that GCG will not meet the threshold score of 90%.
- Having no more comments –

"RESOLVED, that the Proposed Performance Evaluation System FY 2022, is hereby APPROVED

(Res. No. BM 2021-11-06)

"RESOLVED FURTHER, that the CITEM Management is hereby granted authority to attend the Technical Panel Negotiation Meeting and represent the Board in the discussion on the Proposed Performance Evaluation System FY 2022.

(Res. No. BM 2021-11-07)

Two (2) Digital Overseas Trade Fairs: Maison et Objet and More (MOM) Digital Fair and NY Now Digital Market 2022		PH participation in the MOM Digital Fair and NY Now Digital Market 2022 were deemed by the agency as both strategic and important for Philippine brands in the HFL sector. Both trade fairs have a large following/ number of participants and enjoy good reputation in the HFL market. Since they are in digital platforms, both will only require moderate budgetary support from the agency.
The maintenance and/or upgrading of CITEM digital promotion platforms	P 43.890 M	In FY2022, the agency will continue to develop, enhance, and upgrade the following digital platforms for the F&B, HFL, Creative, and Sustainability sectors: FAME+, IFEXConnect, and FOOD Philippines, CREATE Philippines, and Sustainability Solutions Exchange (SSX) Websites. The agency will ensure that these platforms are updated and responsive to the needs of their respective stakeholders.
TOTAL OPERATIONS	P 90.012 M	

** Mounting of IFEX Philippines (physical event) subject to availability of additional funds and will depend on the improvement of the COVID19 situation in the country.*

9. VP Elcid Pangilinan asked if the impact of EO 150 or Approving the Compensation Position Classification System and Index of Occupational Services, Position titles, and Job Grades for GOCCs Framework (CPCS) was considered in the proposed 2022 COB.
10. In reply, Ms. Mediran said that the impact of the EO 150 on the CITEM PS Budget is not yet included in the proposed 2022 COB. The GCG has yet to issue the IRR of EO 150. However, the CITEM Management is presently doing initial legwork, as parallel effort, pending release of the IRR. Furthermore, in case the PS budget for 2022 is not sufficient to cover the salaries of employees, the CITEM Management will elevate this matter to the CITEM Board for approval of additional funding to implement the CPCS.
11. Given the revised DBM subsidy level, how will this affect the operations and performance targets committed? CITEM replied that the proposed projects are the same as in 2021 except for the PHP10M additional Support to Operations (STO) budget given by the DBM. Targets submitted to the DBM in 2021 and for 2022 will be the same.
12. In reply, ED Pauline said that based on CITEM subsidy received for 2022 and the uncertainty of COVID 19 situation, CITEM will focus on the implementation of its digital strategies. However, in the case of the food industry, the agency plans to hold a physical IFEX event as requested by its stakeholders despite insufficient funding.
13. NFA Board Member asked for clarification on how does CITEM report the trade buyers registered in the show? In reply, the numbers reported are unique count, referring only to company registered regardless of the number of its participants attending the event.
14. Having no further comments—

RESOLVED, that the Proposed FY 2022 Work Program of CITEM based on the DBM Recommended subsidy of PHP152.612M, being in order, is hereby APPROVED."

(Res. No. BM 2021-11-03)

"RESOLVED, that the Revised FY 2022 Corporate Operating Budget of CITEM in the amount of PHP251.252M based on the DBM Recommended subsidy of PHP152.612M, being in order, is hereby APPROVED."

(Res. No. BM 2021-11-04)



"RESOLVED FURTHER, that the CITEM Management is hereby given authority to submit periodic report, request negotiation; conduct renegotiation in relation to the said 2022 PES.

(Res. No. BM 2021-11-08)

VI. RATIFICATION OF ACTS OF MANAGEMENT (15 August – November 2021)

1. It was resolved by the CITEM Board, during its previous Board Meeting on 04 November 2015 that expense contracts amounting to P1.0M and above shall be presented to the Board for Ratification and other Agreement entered into by CITEM shall be ratified by the Board.
2. The following are contracts and agreements for Board Ratification and/or Information executed for the period.
 - a. For Board Ratification 7 Contracts
Contracts involving financial considerations of PHP 1.0 MILLION and above.
 - b. For Board Information 92 Contracts
Expense Contracts less than P 1.0M (International projects, Local projects, Contract of Services, Travel Contracts, Other Contracts).
3. That that CITEM Management exercised due diligence and Complete Staff Work (CSW) in the review of the attached contracts, and strictly observe accounting rules and regulations, and other government rules particularly the Government Procurement Act (RA9184).
4. Having no more comments--

"RESOLVED, that ACTS OF MANAGEMENT executed (7 contracts) from August-15 November, is hereby RATIFIED


(Res. No. BM 2021-11-09)

VII. OTHER MATTERS

1. Discussion on the Proposed Board Meeting Calendar FY2022

VIII. ADJOURNMENT. 25 November 2021. CITEM, Pasay City, Philippines.

Prepared by:


ATTY. ANNA GRACE T. MARPURI
Corporate Secretary