

**TITLE: REVISED CORPORATE OPERATING BUDGET AND WORK PROGRAM
FOR FY 2019**

1.0 OBJECTIVE:

To seek Board approval on the Revised Corporate Operating Budget (COB) and Work Program for 2019

2.0 FACTS:

- 2.1 Last 16 November 2018, the Board approved CITEM's Budget Proposal for 2019 in the amount of P334.484M, which includes government subsidy of P244.158M based on the National Expenditure Program (NEP) for 2019.
- 2.2 R.A. 11260 or the General Appropriations Act (GAA) for FY 2019, provides a subsidy level of P279.228M, breakdown as follows:

Particulars	MOOE
I. Operations	230.055
II. Support to Operations	16.391
III. General and Admin Services	32.782
Total, NG Subsidy	279.228

- 2.3 The increase of P35.070M is due to the insertion of the Congress Introduced Changes and Adjustment (CICA) fund in the subsidy of CITEM for operations projects.
- 2.4 Moreover, cash drawdown of P15.0M is added to the sources of funds to be used for the following:
- Initial preparatory expenses for the Digital trade show amounting to P5.0M.
 - Funding source for travelling expenses amounting P10.0M. This is with reference to Executive Order No. 77, mandating all GOCCs to source the travelling expenses solely from its corporate fund.
- 2.5 For 2019, CITEM proposed to undertake the remaining projects for the 2nd semester that will complete the 4 signature events: The Manila FAME, IFEX Philippines the NXT Food Asia, as well as the Create Philippines. The agency will organize the remaining country participation to complete the 14 major-select overseas trade events, mostly for home, fashion and food. Markets covers include Europe, NAFTA, Middle East, China and East Asia, which include Japan, and Taiwan.
- 2.6 The revised Corporate Operating Budget for FY 2019 based on R.A. 11260 is presented below:



(In Million Pesos)

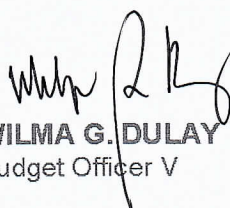
Particulars	2019 Original Proposal (Approved by the Board)	2019 Revised	% Increase (Decrease) over Original Proposal
I. Funding Sources			
NG Subsidy	244.158	279.228	14.36%
Corporate Revenues	90.226	90.226	-
Prior Year Savings/ Cash drawdown	-	15.000	-
Total	334.384	384.454	14.97%
II. Budgetary Requirements			
Personal Services	85.501	85.501	-
MOOE	244.158	294.228	20.51%
Capital Outlay	4.725	4.725	-
Total	334.384	384.454	14.97%

- 2.7 Budget for Personal Services (PS) in 2019 covers 100 plantilla positions based on the fourth and final tranche of SSL 4. PS is not subsidized by the government; hence, is paid from Corporate Revenues.
- 2.8 Maintenance and Other Operating Expenses (MOOE) consist of direct costs of export promotion activities as well as support services and administrative overhead.

	2019 Original Proposal	2019 Revised
I. Operations		
a. Signature events	89.206	105.726
b. Overseas trade fairs	105.779	134.329
Total, Operations	194.985	240.055
II. Support to Operations	16.391	21.391
III. General & Administrative Services	32.782	32.782
Total, MOOE	244.158	294.228

- 2.9 Provision of P4.725 million for capital outlay is allotted for the upgrading of IT equipment, purchase of new air conditioning units; and office refurbishing.

Prepared by:


WILMA G. DULAY
 Budget Officer V

Reviewed by:

MA. LOURDES D. MEDIRAN
 Deputy Executive Director



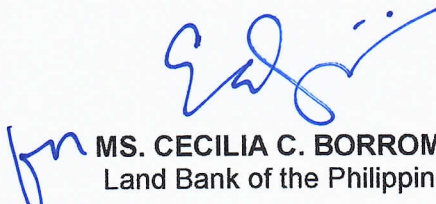
RECOMMENDING APPROVAL:


PAULINA SUACO-JUAN
Executive Director

APPROVED BY THE BOARD:

SECRETARY RAMON M. LOPEZ
Chairman
Department of Trade and Industry

UNDERSECRETARY ABDULGANI M. MACATOMAN
Alternate Chairman
Department of Trade and Industry


MS. CECILIA C. BORROMEO
Land Bank of the Philippines


THOMAS BENJAMIN B. MARCELO
Bangko Sentral ng Pilipinas

ATTY. JUDY CAROL L. DANSAL
National Food Authority

PAULINA SUACO-JUAN
Appointive Member

TITLE: CORPORATE OPERATING BUDGET AND WORK PROGRAM FOR FY 2020

1.0 OBJECTIVE:

To seek Board approval for CITEM's Proposed Work Program and Corporate Operating Budget for FY 2020.

2.0 FACTS:

- 2.1 Initially, on 27 March 2019, CITEM was informed by the Department of Budget and Management (DBM) of the Year 2020 Tier1 subsidy amounting to P228.479M. This is P4.829 M or 2% lower than the level as FY 2019 of P233.308M.
- 2.2 On 17 May 2019, DBM had a technical budget consultation meeting with CITEM for the deliberation of Tier 2 Subsidy amounting to P50.0 Million, and realignment of operations budget related to promotions, PR and marketing to support to Operations in the amount of P18.460M. As presented below:

Funding Source	2020 Original Proposal per DBM Recom	2020 Revised/ Proposed	Difference
NG Subsidy			
Tier 1 – Operations	228.479	210.019	(18.460)
Tier 2 – Operations	50.000	50.000	-
Tier 2 – Promo/PR/Marketing	-	18.460	18.460
Total NG Subsidy	278.479	278.479	-

- 2.3 As a result of the meeting, DBM recommended P50.0 Million additional subsidy for the Tier2 projects; and the realignment of P18.460 Million from Operations budget to Support to Operation.
- 2.4 The total subsidy for FY 2020 is Tier 1 at P210.019M. Tier 2 at P68.460M; or Total subsidy of P278.479 Million.
- 2.5 Moreover, a cash drawdown of P19.150M is programmed in 2020 to be used for the following:
- a. Digital trade show P14.0M source from the building fund as payment for the demolition of Hall One
 - b. Additional fund for Travelling expenses amounting P5.150M to be sourced from CITEM corporate fund. This is required per Executive Order No. 77 mandating all GOCCs to source the travelling expenses solely from its corporate fund.
- 2.6 For 2020, CITEM proposed to undertake 3 signature events: The Manila FAME, IFEX Philippines NXT Food Asia, as well as the Create Philippines. The agency, likewise, will organize country participation in 20 major select overseas trade events, mostly for home, fashion and food. Markets covered include Europe, NAFTA, Middle East, ASEAN, China and East Asia, which include Japan, Korea, and Taiwan.



CITEM will also organize 3 new projects in Manila. The Green Food Asia 2020; Asian Sourcing Fair for Green Solution in Food Production and Processing; the Halal Exhibit and Conference; and the Taiwan Philippine Craft Exchange Program, timed with Manila FAME.

- 2.7 Based on the 2020 Proposed Work Program hereunder is the Corporate Operating Budget for FY 2020:

Particulars	2019 Corporate Operating Budget per GAA (In Million Pesos)	2020 C.O.B Proposed Budget (In Million Pesos)	% Increase (Decrease) over 2019
I. Funding Sources			
NG Subsidy	279.228	278.479	-0.27%
Corporate Income	90.226	100.345	11.22%
Prior Year Savings	15.000	19.150	27.67%
Total Sources	384.454	397.974	3.52%
II. Budgetary Requirements			
Personal Services	85.501	89.160	4.28%
MOOE	294.228	304.730	3.57%
<i>Gen. Admin Services</i>	32.782	30.338	-7.46%
<i>Support to Operations</i>	21.391	49.880	133.18%
<i>Operations</i>	240.055	224.512	-6.47%
Capital Outlay	4.725	4.084	-13.57%
Total Budget	384.454	397.974	3.52%

- 2.8 Budget for Personal Services in 2020 covers 100 plantilla positions.

- 2.9 Maintenance and Other Operating Expenses (MOOE) of P 304.730M consist of direct costs of export promotion activities as well as support services and administrative overhead.

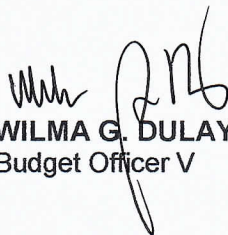
Particulars	2019 Budget (In Million Pesos)	2020 Budget (In Million Pesos)
I. Signature Events	105.726	63.245
II. Overseas Trade Fairs	78.609	94.777
III. Others	9.800	34.950
IV. Tier 2	10.850	50.000
V. CICA Fund	35.070	-
Total, Operations	240.055	242.972
Less: PR and Marketing	-	18.460
Net, Operations Budget	240.055	224.512
VI. Support to Operations	21.391	49.880
VII. General and Administrative Services	32.782	30.338
Total, MOOE Budget	294.228	304.730

- 2.10 Provision of P4.084 million for capital outlay is allotted for the upgrading of IT equipment, replacement of old IT equipment.

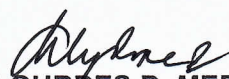
3.0 RECOMMENDATION:

For the Board to approve the Proposed Work Program and Corporate Operating Budget for FY 2020 in the amount of **P 397.974M** based on DBM subsidy of **P278.479M**; Corporate Revenue of **P 100.345M**, and Cash Drawdown of **P19.150M** from prior year savings.

Prepared by:


WILMA G. DULAY
Budget Officer V

Reviewed by:


MA. LOURDES D. MEDIRAN
Deputy Executive Director

RECOMMENDING APPROVAL:

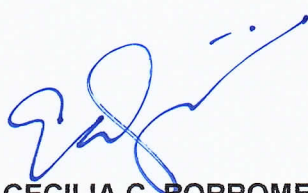


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