

MINUTES OF CITEM BOARD OF GOVERNORS' MEETING

16 August 2019
3/F TPG Board Room, DTI International Building,
375 Sen. Gil Puyat Ave., Makati City

IN ATTENDANCE:

Alternate Chairman

Abdulgani M. Macatoman
Undersecretary for Trade Promotions Group (TPG)

Board Members

Mr. Thomas Benjamin B. Marcelo
Bangko Sentral ng Pilipinas

Ms. Paulina Suaco-Juan
CITEM

Ms. Judy O. Kis-Ing
Land Bank of the Philippines

Ms. Maria Mercedes G. Yacapin
National Food Authority

CITEM Officials

Ms. Ma. Lourdes D. Mediran
Deputy Executive Director

Atty. Anna Grace I. Marpuri
Corporate Board Secretary

Katrina C. Pineda
Head, Business Development Unit
Division

Wilma G. Dulay
Budget Officer V, Budget & Cash

Jewel H. Udarbe
Planning Officer IV
2
OIC, Corporate Planning

Rowena D. Mendoza
Division Chief, Operations Group

I. CALL TO ORDER

- The Alternate Chairman called the meeting to order at 2:20 PM and welcomed the CITEM Board Members and Officers present in the Board Meeting.

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

- The Corporate Board Secretary determined the existence of a quorum.

III. APPROVAL AND ADOPTION OF THE AGENDA

IV. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

V. MATTERS ARISING FROM THE PREVIOUS BOARD MEETING

- The Corporate Board Secretary informed the Board on the matters arising from the 28 June 2019 Board meeting:

MATTERS ARISING	ACTIONS
2019 1 st Semester Accomplishment Report	Duly noted by the Board
Financial Report: 2017, 2018, & 1 st Quarter of 2019	
Net Gain on Forex 2017-2018	Submitted on 09 August 2019
Copy of the approved Medium-Term Exporters Development Plan	

Size and Growth of SMEs assisted by CITEM	
2019 1Q Performance vis-à-vis GCG Targets	
Implementation of the remaining 2 nd semester projects	
2019 Revised Corporate Operating Budget	
2020 Proposed Corporate Operating Budget	
Utilization of the PhP 14M HallONE Fund for the Establishment of Digital Trade Show	
Signing Authority for Documents & Financial Transactions above PhP 5M	
Ratification of Acts of Management (18 November 2018 – 31 May 2019)	Duly approved by the Board
	For approval

VI. PROPOSED 2020 PROJECTS

- CITEM Deputy Executive Director Ma. Lourdes D. Mediran gave background to the Board that the approved CITEM Corporate Operating Budget (COB) and Work Program for FY 2020 is **PhP 397.974M** with the following funding sources:

NG Subsidy	-	PhP 278.479M
Corporate Income	-	PhP 100.345M
Prior Year Savings	-	PhP 19.150M
Total	-	PhP 397.974M

- The total DBM-recommended NG Subsidy FY 2020 allocation amounting to **PhP 278.479M** are as follows:

Operations	Php 214.512M
Support to Operations	Php 33.629M
General Services & Administrative Services	Php 30.338M
Total	Php 278.479M

- The proposed PHP214.512 export promotion projects is distributed to the following:

Export Promotional Projects	Budget under Operations
Two (2) International Shows / Regular Signature Events in Manila: Manila FAME October and CREATE Philippines	PhP 36.950M
21 Overseas Trade Fairs (OTFs) in target markets, namely: Europe, North America, Middle East, ASEAN and East Asia including China, Japan and Taiwan	PhP 145.229M
New event/project in Manila for the eco-sustainability sector: <i>Green Food Asia: The Country's Premiere Sourcing Event for Eco-Solutions & Sustainable Food Products</i>	PhP 22.000M
Promotional assistance to MSMEs joining selected fairs in Manila	PhP 10.333M
TOTAL	Php 214.512M

- The selection of the overseas trade fairs (OTFs) are based on:
 - Philippine Export Development Plan (PEDP) 2018-2022 duly approved by Philippine President Duterte last 26 June 2019
 - Results from previous participations and,
 - Recommendations of trade/commercial representatives from key export markets

- 87 5. BSP Board Member Mr. Thomas Benjamin B. Marcelo commented that the proposed
88 2020 projects, agri-business/food related shows have the majority/significant allocation of
89 the budget. Further, he asked how the budget allocation and number of OTFs
90 participation compared in 2019.
91
92 6. CITEM Executive Director Paulina Suaco-Juan explained that a 3% increase in total
93 budget given by the DBM for 2020. In terms of numbers, there are 21 OTFs to be
94 implemented compared to 19 OTFs in 2019.
95
96 7. On the criteria of selecting OTFs, BSP Board Member Mr. Thomas Benjamin B. Marcelo
97 suggested that CITEM may want to cover the business opportunities of the OTFs chosen,
98 as it was not clearly indicated in the present criteria.
99
100 8. CITEM Executive Director Paulina Suaco-Juan further reported that there will be ONE (1)
101 Manila FAME in 2020, to be held in October.
102
103 9. It was further explained that in the recent years, it has been a challenged to attract foreign
104 buyers and exhibitors to the April show because of these reasons:
105
106 a. Nowadays, the retail environment is changing and is primarily driven by
107 technology, which a lot of sourcing can be done online.
108 b. There is now difficulty in inviting both the exhibitors due to different preferred
109 timing by furniture sector & gifts and how decor sectors, which they prefer
110 March and April timeline, respectively for the show
111 c. Buyer attendance was also dwindling for the past year
112
113 10. Hence, while CITEM still reconcile the interests of the 2 mentioned industry sectors,
114 CITEM re-strategize on strengthening the Manila FAME October show; and
115 consolidating BTDP's National Trade Fair and National Arts and Crafts Fair to Manila
116 FAME.
117
118 11. With this, CITEM hopes to produce a bigger fair, not just for local market, but also for
119 overseas market who come and visit the show.
120
121 12. Likewise, CITEM strengthens participation in food shows rather than investing much
122 money in furniture, home and fashion sector.
123
124 13. The Board, having no more comments and discussion, motioned and seconded:

125 "RESOLVED, that the Proposed 2020 Projects,
126 being in order is hereby APPROVED."

127 (Res. No. BM 2019-08-01)

128 "Further Resolved, that the staging of Manila FAME once a
129 year to be held in October is hereby Noted.

130 (Res. No. BM 2019-08-02)

131
132
133
134 **VII. AUTHORITY TO CHARGE CREATIVE SERVICES RATES AND MANAGEMENT**

- 135
136 1. It was reported that CITEM's core competencies are project management,
137 communication management and web marketing; and creative services particularly on
138 exhibition and visual designs;
139
140 2. For the past years, these core competencies of CITEM were duly recognized by other
141 agencies, both private and government, particularly other government agencies within the
142 DTI. It was further recognized as authority and champion for promoting these
143 competencies and started to professionalize its services to its stakeholders for different
144 projects and services.
145
146 3. However, CITEM has not yet institutionalize nor standardize in catering of its services ;
147 and sometimes CITEM did said services free of charge.

- 148 4. With this, CITEM would like to have a standardize menu and rates that can be addressed
149 to stakeholders.
150
- 151 5. Also, the time and effort spent working on commissioned projects is significant and at
152 times, eats up the time in delivering requirements for CITEM's signature events and OTFs
153 projects.
154
- 155 6. Hence, CITEM takes opportunity to monetize its effort and recommended the following:
156 a. CITEM will only accommodate projects that are trade promotions – oriented.
157 b. CITEM to monetize creative and event management services and have a
158 standardized menu of service and rates. The standardized menu of service and
159 rates will be based on the man hours rendered when the commissioned work is
160 done.
161 c. Further, client servicing will be handled by Operations Unit and/or Business
162 Development Unit.
163 d. CITEM will not release a standard rate card because rates from CITEM will be
164 lower than industry rates, and this may counter competitiveness with the private
165 sector. Hence, cost estimate will be available upon request.
166
- 167 7. NFA Board Member Ms. Maria Mercedes G. Yacapin emphasized three concerns.
168 a. CITEM must set a policy or have a standard or parameters to follow in setting the
169 rates.
170 b. Standard rate card should be published for transparency because the government
171 should work with the private sector and not compete with them.
172 c. CITEM should indicate the legal basis on charging rates.
173
- 174 8. BSP and Land Bank Board Members echoed the same concerns above.
175
- 176 9. LandBank Board Member Judy Kis-ing further emphasized that CITEM should be clear
177 on the objectives of the pricing because it must promote their stakeholders
178
- 179 a. Further, the Board members commented that, CITEM should strike a happy balance in
180 responding to the requests of other agencies and the same time, prioritize the core
181 functions of CITEM.
182
- 183 10. The Board recommends to re-study and incorporate the comments and seek approval
184 through referendum.
185
186
187

VIII. REVISED MEDIUM TERM EXHIBITORS DEVELOPMENT PLAN (MTEDP)

- 188
- 189 1. CITEM seek approval from the Board on the adjustment or modification of CITEM's
190 Medium-Term Export Development Plan (MTEDP) for 2019-2022, previously submitted to
191 the GCG this year.
192
- 193 2. Last November 2018, the Board approved the MTEDP with comments to reconcile and
194 make necessary adjustments in accordance with the mandate of CITEM. Further the
195 commitment of CITEM to GCG is to implement annual MTEDP milestone deliverables for
196 the period 2019-2022, which presently equivalent to 15% of the total CITEM Performance
197 Scorecard.
198
- 199 3. The approved MTEDP Framework consists of 4 strategies, and five (5) phases:

STRATEGIES		PHASE	
1	Provide mandatory training for export readiness	1	Export Coaching
2	Increase product competitiveness	2	Export Merchandise Development
		3	Brand Development
3	Improve operationalize efficiency	4	Enterprise Scale Up

200
201

4	Sustain export growth and market expansion	5	Market Expansion
---	--	---	------------------

202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224

4. Executive Director Paulina Suaco-Juan explained that CITEM initially crafted these strategies because GCG required to craft a comprehensive MTEDP for its stakeholders – the exhibitors.
5. CITEM created MTEDP, a program to prepare client exporters to be ready and responsive to the changing environment of the global market. The program likewise provides a general framework of different level of assistance for the exhibitors to be developed and equipped in terms of training, capabilities and marketing assistance.
6. For the year 2020-2022, CITEM's commitment is to fully implement Phases 1 to 5 of the MTEDP.
7. Moreover, the approved MTEDP, to be fully executed, CITEM shall work in partnership with different DTI agencies, with the following objectives:
 - a. To provide CITEM exhibitors with tailored-fit assistance to make them internationally competitive
 - b. To nurture export companies to develop strong business foundation and to sustain export growth
 - c. To increase the number of Philippine exporters that have potentials to become export champions.
8. As part of the review process of the MTEDP deliverables, CITEM created a TWG to review the deliverables were able to take note three (3) challenges:

225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247

- a. CITEM has no direct control over Strategies 1-3. It is only Strategy 4 which is in line with CITEM's mandate.
 - b. The set or identified qualification criteria need further review because of the objective to help more qualified exhibitors as beneficiaries of the program.
 - c. The plan requires allocation of budget to be fully implemented. CITEM project funds, which is subject to CRR, cannot prioritize budget allocation since MTEDP is not a revenue-generating program.
9. The proposed adjustment is CITEM to implement Strategy 4: Sustain export growth and market expansion / Phase 5: Market expansion – by including access to new markets and intensified promotion.
10. BSP Board Member Mr. Thomas Benjamin B. Marcelo then further asked for the CITEM's proposal adjustment or modification of CITEM's (MTEDP) for 2019-2021. He further clarified that that the proposal was to drop Strategies 1-3 and focus on Strategy 4 and Phase 5.
11. LBP Board Member Ms. Judy O. Kis-Ing shared that in case of Landbank, they request renegotiations with the GCG, if needed.
12. NFA Board Member Ms. Maria Mercedes G. Yacapin also commented that agency commitments shall be subject to annual review and revisions, if needed to adopt to the needs of its stakeholders.

248
249
250
251
252

"RESOLVED, that the Revised Medium-Term Exhibitors Development Plan, being in order is hereby APPROVED."

(Res. No. BM 2019-08-03)



IX. APPROVAL OF TWG RECOMMENDED SCHEME FOR GRADUATION SUBSIDY FOR EXHIBITORS

1. CITEM seek the approval of the Board on the Technical Working Group (TWG) recommended scheme for the graduation subsidy of exhibitors. The subsidy graduation policy is part of the performance agreement or part of the commitment to GCG.
2. The subsidy graduation policy was approved by the Board in 2017 and to be implemented on the following year (2018).
3. There were four different criteria based on this approved subsidy graduation policy:
 - a. time element
 - b. asset value
 - c. export sales generated
 - d. certification acquired by exhibitors
4. CITEM-Subsidy Graduation Policy Technical Working Group (TWG) was asking for approval of the Board to operationalize the graduation policy by also having a matrix of calculation as likewise suggested by the GCG.
5. The scope of the subsidy graduation would only cover signature event that are IFEX and Manila FAME. The matrix of calculation is as follows:

CRITERIA	Per SGP	Technical Working Group Recommendation					
		IFEX	MFAME	IFEX Weig ht	MFA ME Weig ht	Formula	
						IFEX	MFAME
Time Element (No. of Participation)	Tier 3 – None Tier 2 – Min. of 3yrs Tier 1 – Min. of 6yrs	5 starting 2018	8 starting MFA 2018	45%	45%	Proportionately computed (45% x No. of Participations/5)	Proportionately computed (45% x No. of Participations/8)
Asset Value	Tier 3 – Small Tier 2 – Medium Tier 1 – Large	Large Starting 2018	Medium Starting 2018	20%	20%	20% for Large Companies starting 2018	20% for Medium Companies starting 2018
Export Sales	Tier 3 – None	USD250k (Σ of last 5 participations starting 2018)	USD400k (Σ of last 8 participations starting MFA 2018)	20%	20%	20% x Cumulative Export Sales starting 2018 / USD250k	20% x Cumulative Export Sales starting 2018 / USD400k
	Min. of USD50k (Tier 2) per edition					20% x Cumulative Export Sales starting 2018 / USD1M	20% x Cumulative Export Sales starting 2018 / USD1.6M
Certification	Tier 3 – Local Certifications Tier 2 – General International	FDA + Any 5 Food Cert.	Any applicable compliance required	15%	15%	3pts per Cert (IFEX) (15% x No. of	15% for any applicable certification acquired

	Certifications Tier 1 – Specialized Market-specific Certifications		by the industry			Certificati ons / 5)	
TOTAL				100%	100%		
Passing for both MFAME and IFEX				90%			

6. BSP Board Member Mr. Thomas Benjamin B. Marcelo suggested to the Board to include a period of implementation and review.
7. NFA Board Member Ms. Maria Mercedes G. Yacapin also noticed that CITEM is asking for an authority to negotiate with GCG. It was in her opinion that negotiation is a Management level as long as within the approved commitment by the Board.
8. Furthermore, she suggested that any matter presented to the Board shall be the recommendation from Management and not from the Technical Working Group.
9. Having no more comments,

"RESOLVED, that the Recommended Scheme for Graduation Subsidy for Exhibitors, being in order is hereby APPROVED."

(Res. No. BM 2019-08-04)

X. RATIFICATION OF CONTRACTS AMOUNTING TO PHP 1M ABOVE FOR THE PERIOD 18 NOVEMBER 2018 TO 31 JULY 2019

1. There were **33** contracts presented to the Board for Ratification.
2. These contracts were executed and entered by CITEM from 18 November 2018 to 31 July 2019 for contracts of lease, services, consultancy, and Memorandum of Agreements that were normal and usual in the regular course of business and were entered into after all legal aspects have been studied.
3. Having no more comments and clarification and upon motion duly made and seconded, it was—

"RESOLVED, that the Acts of Management executed for the period 18 November 2018 – 30 July 2019, being in order is hereby APPROVED."

(Res. No. BM 2019-08-05)

XI. ADJOURNMENT

The meeting adjourned at 4PM.

This 16th day of August 2019, at 3/F TPG Board Room, DTI International Building, Gil Puyat Ave., Makati City.

Prepared by:


ATTY. ANNA GRACE I. MARPURI
Corporate Board Secretary