

# MINUTES OF CITEM BOARD OF GOVERNORS' MEETING

28 June 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  
Senior Director of International Operations  
Bangko Sentral ng Pilipinas

Ms. Paulina Suaco-Juan  
Executive Director  
CITEM

Mr. Elcid C. Pangilinan  
First Vice President  
Land Bank of the Philippines

Ms. Gloria T. Rigos  
Executive Assistant IV  
National Food Authority  
(Observer Capacity)

### CITEM Officials

Ms. Ma. Lourdes D. Mediran  
Deputy Executive Director

Atty. Anna Grace I. Marpuri  
Corporate Board Secretary

Malerna C. Buyao  
Accountant IV,  
OIC, Controllershship Division

Wilma G. Dulay  
Budget Officer V, Budget & Cash Division

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

## I. CALL TO ORDER AND DETERMINATION OF EXISTENCE OF QUORUM

1. The Corporate Board Secretary determined the existence of a quorum
2. The Alternate Chairman called the meeting to order at 1:30 PM.
3. The Alternate Chairman, Undersecretary Abdulgani M. Macatoman, asked for a roundtable introduction and welcomed the CITEM Board Members and Officers present in the Board Meeting.

## II. APPROVAL AND ADOPTION OF THE AGENDA

## III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

## IV. MATTERS ARISING FROM THE PREVIOUS MEETING

1. The Corporate Board Secretary informed the Board on the matters arising from three previous Board meetings:

MATTERS ARISING	ACTIONS
16 November 2019	
2019 Corporate Operating Budget and Work Program	Approved
Ratification of Contracts	Ratified and duly submitted to the COA (2018 COA Unqualified Opinion)

Php 20.0M Hall One Demolition Cost to be utilized for the proposed Digital Trade Show	For discussion and approval of the Board.
21 December 2018	
Provident Fund for CITEM Employees	On-Going

2. Deputy Executive Director Ma. Lourdes D. Mediran proposed to include in the discussion the result and 1<sup>st</sup> semester performance of CITEM in regard to its 2019 Performance Negotiation Agreement (PNA) with the GCG.

#### V. EXECUTIVE DIRECTOR'S REPORT FOR 2019 FIRST SEMESTER

1. Executive Director Paulina Suaco-Juan started the report on CITEM's mandate, mission, and vision.
2. CITEM reported that the 1<sup>st</sup> Semester 2019 Accomplishments, it successfully implemented both its signature and overseas trade show events:

##### *Signature Events*

- a. 69<sup>th</sup> Manila FAME at World Trade Center Metro Manila on 19-21 April 2019
- b. 13<sup>th</sup> IFEX Philippines at World Trade Center Metro Manila on 24-26 May 2019

##### *Overseas Trade Fairs*

- a. Ambiente in Frankfurt, Germany
- b. Winter Fancy Food Show in San Francisco, USA
- c. Gulfood in Dubai, UAE
- d. Foodex in Chiba, Japan
- e. Taipei International Food Show in Taipei, Taiwan
- f. Summer Fancy Food Show in New York, USA
- g. MIHAS in Kuala Lumpur, Malaysia

3. For implementation of the 1<sup>st</sup> semester projects, CITEM has accomplished 56% of its 2019 targets. Likewise, it was able to generate the following:
  - a. 1,080 assisted companies (local SMEs),
  - b. 5,998 local and foreign buyers, and
  - c. USD 384.94M export sales
4. BSP Board Member Mr. Thomas Benjamin B. Marcelo asked on how CITEM set the annual targets for SMEs assisted, buyer inquiries, and export sales.
5. In reply, Mr. Jewel H. Udarbe of CITEM Corporate Planning Division explained that CITEM has standard guidelines or measures on each target.
6. BSP Board Member requested if they can be provided copy of lists of SMEs assisted by CITEM.
7. The Board, having no more comments and discussion, motioned and seconded:

"RESOLVED, that the Executive Director's Report for the FIRST SEMESTER 2019 Accomplishment Report is hereby NOTED."

(Res. No. BM 2019-06-01)

#### VI. CITEM 2018 YEAR-END AND 1<sup>ST</sup> QUARTER OF 2019 FINANCIAL REPORT

##### *CITEM 2017-2018 Year-End Financial Report*

1. CITEM Deputy Executive Director Ma. Lourdes D. Mediran presented to the Board the CITEM financial report for the year 2018-2019.
2. It was highlighted that CITEM is commendable for sustaining the COA unqualified and unmodified opinion for the last five consecutive years (2013-2018), which reflects on CITEM's clean financial statement and transactions.



- 119  
120  
121  
122  
123  
124  
125
3. For 2017 and 2018 financial performance, CITEM was able to generate a total revenue of PHP 61.808M and 77.723M, respectively.
  4. CITEM being a heavily subsidized corporation, in effect, it accumulated a total loss from operations of Php 179.275M. The breakdown as follows:

	2018 (PHP '000)	2017 (PHP '000)
<b>Corporate Revenue</b>		
Service Income / Participation Fees	77.723	61.808
<b>Add: Other Income</b>		
Interest Income	642	639
Miscellaneous Income	5.595	3.977
<b>Total Revenue</b>	<b>83.959</b>	<b>66.424</b>
<b>Less: Operating Expenses</b>		
Personal Services	64.476	57.929
MOOE	189.855	189.922
Financial Expenses <i>or bank charges from overseas remittances</i>	486	272
Non-Cash	8.417	7.463
<b>Loss from Operations</b>	<b>(179.275)</b>	<b>(189.162)</b>

- 126  
127  
128  
129
5. It was also reported that CITEM have a net gain on FOREX from Php 514T in 2017; while Php 5.7M in 2018.

	2018 (PHP '000)	2017 (PHP '000)
<b>Loss from Operations</b>	<b>(179.275)</b>	<b>(189.162)</b>
Net Gain on FOREX	5.700	514
Net Loss on Disposal	0	(23)
Subsidy	231.876	220.000
<b>Net Surplus</b>	<b>58.301</b>	<b>31.329</b>

- 130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161
6. LBP Board Member, FVP Elcid Pangilinan commented on the unusual net gain on FOREX between 2017 to 2018; and asked the factor for the increase.
  7. The Board further asked if there were additional dollar purchases from 2017 to 2018 since this might also be the reason of the increase in gains.
  8. BSP Board Member Marcelo further informed the body that in 2017 and 2018, the average peso-dollar rate was Php 50.4 per USD and Php 52.6 per USD, respectively. With this, there is a depreciation of 4.29%.
  9. CITEM Accountant Malerna C. Buyao answered that there were unadjusted rates in 2017 that were only incorporated in in 2018. This unadjusted rates in 2017 was the revaluation of dollar time deposit which amounts to 1.6M.
  10. Thus, the reported net gain in 2018 of PHP5.7M should only be PHP2.1M plus the increase in FOREX rates. These adjustments were just reflected in 2018, thus, the reason of the increase.
  11. To further report on the final details, the CITEM Management asked for more time to breakdown the report on increase in FOREX gain/loss.
  12. Alternate Chairman Abdulgani M. Macatoman asked to provide the details of CITEM's transactions on FOREX within the next 5 days.
  13. CITEM Deputy Executive Director Ma. Lourdes D. Mediran further reported that through the government subsidy of Php 231.876M, CITEM has gained a net surplus of Php 58.301M in 2018.
  14. Likewise, 2019 1Q financial report was presented.
  15. The Board was further informed that CITEM is very liquid in terms of its financial position. It was able to properly manage the monies that were entrusted by the Board to the Management.



16. For instance, a portion of the amount were restricted by the Board, intended as Building Fund and was placed by Management to a less risk investment that earned interest income overtime.
17. The Board, having no more comments, motioned and seconded:

"RESOLVED, that the CITEM Financial Reports for 2017-2018 and 1Q 2019 are hereby NOTED."

(Res. No. BM 2019-06-02)

## VII. CITEM 2019 GCG PERFORMANCE AGREEMENT

1. CITEM through Deputy Executive Director Ma. Lourdes D. Mediran presented the 2019 Approved Performance Scorecard Summary between GCG and CITEM, as follows:

STRATEGIC MEASURE (SM)	FORMULA	Board-approved Proposed Targets				GCG-approved Targets			
		SM	Targets	Weight	Rating System	SM	Targets	Weight	Rating System
SO1 Ensure Financial Sustainability									
1. Cost Recovery Ratio	Total Revenue from Promotional Events / Total Project Cost	SM1	46.27%	20%	(Actual / Target) x Weight	SM1	54%	20%	(Actual / Target) x Weight  If less than 40%=0%
2. Budget Utilization Rate	Total Disbursement (net of PS) / Total DBM approved Corporate Operating Budget (net of PS)					SM2	Not lower than 90% but not exceeding 100%	10%	All or Nothing
	Sub-total			20%				30%	
SO2 Improve Stakeholders Satisfaction									
3. % of Returning SMEs (Exhibitors) in Signature Events	Returning Exhibitors / Total Exhibitors	SM2	50%	10%	(Actual / Target) x Weight  0% = If less than 46%	SM3	50%	10%	(Actual / Target) x Weight  0% = If less than 46%
4. Percentage of Satisfied Customers	Number of respondents who gave a rating of at least satisfactory / Total number of respondents	SM3	95% of respondents gave a rating of at least satisfactory	10%	(Actual / Target) x Weight  0% = If less than 80%	SM4	95%	10%	(Actual / Target) x Weight  0% = If less than 80%
	Sub-total			20%				20%	
SO3 Increase Stakeholder Awareness									
5. Number of Trade Buyers Attending Export Promotion Events	Number of Actual Trade Buyers Attended	SM4	16,363	10%	(Actual / Target) x Weight	SM5	Minimum of 16,363	10%	All or Nothing
	Sub-total			10%				10%	
SO4 Institutionalize a CITEM Program to Enable a Strong & Empowered SME Sector									
6. Implementation of the Subsidy Graduation Policy	Actual Accomplishment	SM5	Implementation Outputs:  1. Baseline (2.5%) 2. Collaterals (2.5%) 3. 2 Consultation Sessions (2.5%) 4. Recommendation Paper (2.5%)	20%	(Actual / Target) x Weight  2.5% for each accomplished output	SM6	Submission of the Recommendation report, based on the result of roll-out and consultations made, to the Board.	10%	5% = Roll out and implementation;  10% = Recommendation paper based on the result of roll out and consultations made
7. Enhanced Integrated Approach to Export Promotion	Actual Accomplishment	SM6	Roll-out of the Medium-Term Exhibitors' Development Plan	20%		SM7	Implemented 100% of the deliverables in the Medium-Term Exhibitors' Development Plan	15%	All or Nothing
	Sub-total			40%				25%	
SO5 Improve Organizational Efficiency									



8. Improve Processes to Quality Management System	Actual Accomplishment	SM7	Pass Surveillance Audit for ISO 9001:2015 standards	5%	All or Nothing	SM8	Pass Surveillance Audit for ISO 9001:2015 standards	5%	All or Nothing
	<b>Sub-total</b>			5%				5%	
<b>SO6 Enhance the Competencies of the CITEM Workforce</b>									
9. Percentage of Employees Meeting Required Competencies	Actual Accomplishment		100% of permanent employees [Management and Technical] have attended seminars	5%	All or Nothing	SM9	Improvement in the Competency Baseline of the Organization	10%	All or Nothing
	<b>Sub-total</b>			5%				10%	
<b>TOTAL</b>				<b>100%</b>				<b>100%</b>	

2. On the Cost Recovery Ratio under the 1<sup>st</sup> Strategic Measure of Ensuring Financial Stability, it was presented to the Board that the GCG-approved Target is 54%, contrary to the Board-approved Proposed Target of 46.27%. The Board was then informed that the CITEM Management is currently negotiating with the GCG to lower down the its targets to at least 49%.
3. On re-negotiation, the Board was informed that it delegated to CITEM management the continuing authority to negotiate and renegotiate on performance targets.
4. CITEM is reminded to do a mandatory quarterly performance track and likewise inform the Board.
5. LBP Member further requested copy of the Approved Medium-Term Exhibitors Development Plan (MTEDP).
6. On the Percentage of Satisfied Customers under the 2<sup>nd</sup> Strategic Measure of Improving Stakeholders Satisfaction, CITEM informed that as required by GCG, there is a third-party company engaged by CITEM, presently conducting surveys for the agency.
7. On the Enhanced Integrated Approach to Export Promotion under the 4<sup>th</sup> Strategic Measure of Institutionalizing CITEM Program to Enable a Strong and Empowered SME Sector, the Board was informed that the Export Development Plan will be implemented 100% this 2019. The Board then asked CITEM Management to have them a copy of the Export Development Plan.
8. The Board, having no more comments, motioned and seconded:

“RESOLVED, that CITEM 2019 GCG Performance Negotiation Agreement, with the report on the 1<sup>st</sup> Semester Accomplishments being in order, is hereby NOTED.”

(Res. No. BM 2019-06-03)

## VIII. IMPLEMENTATION OF 2<sup>ND</sup> SEMESTER 2019 PROJECTS

1. CITEM through its Corporate Board Secretary presented the 2<sup>nd</sup> Semester 2019 Projects of CITEM for Board approval.
2. The 2<sup>nd</sup> Semester 2019 Projects of CITEM are as follows:

### *Signature Events*

- a. CREATE Philippines on 19-21 September 2019 at Cultural Center of the Philippines
- b. 70<sup>th</sup> Manila FAME on 17-19 October 2019 at World Trade Center Metro Manila

### *Overseas Trade Fairs*

- a. Project Womens Las Vegas in Las Vegas, USA on 12-14 August
- b. Maison et Objet in Paris, France on 6-10 September 2019
- c. Index Dubai in Dubai, UAE on 17-19 September 2019
- d. China-ASEAN Expo in Nanning, China on 20-23 September 2019
- e. Premiere Classe in Paris, France on 27-30 September 2019
- f. Anuga in Cologne, Germany on 5-9 October 2019
- g. China International Import Expo in Shanghai, China on 5-10 November 2019



- 231 3. It was noted that the above projects were handled by respective Divisions or Departments and  
232 implementation of the same were properly taken by different assigned Project Officers.  
233  
234 4. It was further reported that the above projects were likewise supported by corresponding  
235 corporate operating budget.  
236  
237 5. The Board, having no more comments:  
238

239 "RESOLVED, that the remaining 2019 CITEM Projects  
240 for the 2<sup>nd</sup> Semester, being in order is hereby APPROVED."

241 (Res. No. BM 2019-06-04)  
242

243  
244  
245 **IX. APPROVAL OF THE CORPORATE OPERATING BUDGET AND WORK PROGRAM FOR FY 2019**  
246

- 247 1. For Board approval, CITEM Deputy Executive Director Ma. Lourdes D. Mediran presented the  
248 Revised COB based on the adjusted GAA for the implementation of the remaining 2<sup>nd</sup> Semester  
249 2019 projects. Thus, to seek Board approval on the Revised Corporate Operating Budget (COB)  
250 and Work Program for 2019  
251  
252 2. Last 16 November 2018, the Board approved CITEM's Budget Proposal for 2019 in the amount  
253 of P334.484M, which includes government subsidy of P244.158M based on the National  
254 Expenditure Program (NEP) for 2019.  
255  
256 3. However, R.A. 11260 or the General Appropriations Act (GAA) for FY 2019, provides a subsidy  
257 level of P279.228M, breakdown as follows:  
258

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

- 259  
260 4. The increase of P35.070M from the NG Subsidy to CITEM is due to the insertion of the  
261 Congress Introduced Changes and Adjustment (CICA) fund for operations projects.  
262  
263 5. For 2019, CITEM will undertake the remaining projects for the 2<sup>nd</sup> semester (as previously  
264 approved by the Board) that will complete the 3 signature events: Manila FAME, IFEX  
265 Philippines: NXT Food Asia, as well as the CREATE Philippines.  
266  
267 6. Further, the remaining 2<sup>nd</sup> semester projects to be implemented are the remaining country  
268 participation to complete the 14 major-select overseas trade events, mostly for home, fashion  
269 and food. Markets covers include Europe, NAFTA, Middle East, China and East Asia, which  
270 include Japan, and Taiwan.  
271  
272 7. On the other hand, CITEM seeks approval from the Board to authority to cash drawdown from its  
273 prior years savings in the amount of P15.0M, to be used for the following:  
274  
275 a. Initial preparatory expenses for the Digital trade show amounting to P5.0M.  
276 b. Funding source for travelling expenses amounting P10.0M. This is with reference to  
277 Executive Order No. 77 series of 2019, mandating GOCCs to source the travelling  
278 expenses solely from their respective corporate coffers.  
279  
280 8. It was further explained that the Digital Trade Show is a strategy for the management to be  
281 sustainable and relevant to its stakeholders; and the same shall be a platform as an alternative  
282 revenue stream for CITEM. The Digital Trade Show is to be presented by the Executive Director  
283 for approval of the Board as well as for appreciation.  
284  
285 9. On the other hand, the issuance of the Executive Order was not anticipated by CITEM just like  
286 any other agencies, thus, it was not included nor programmed in its 2019 Budget.  
287  
288 10. LBP Board Member reminded CITEM to be mindful of the drawdown and should look for options,  
289 financial measure or strategies that will make the Agency sustainable.



290  
291  
292

11. With the above discussion, the Revised Corporate Operating Budget for FY 2019 based on R.A. 11260 is presented and summarized as follows in Million Pesos:

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

293  
294  
295  
296  
297  
298  
299  
300

12. 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.
13. 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
<b>Total, Operations</b>	194.985	240.055
II. Support to Operations	16.391	21.391
III. General & Administrative Services	32.782	32.782
<b>Total, MOOE</b>	<b>244.158</b>	<b>294.228</b>

301  
302  
303  
304  
305  
306  
307  
308  
309  
310  
311  
312  
313  
314  
315  
316  
317  
318  
319  
320  
321  
322  
323  
324  
325  
326  
327  
328  
329  
330

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.

14. The Board, having no more comments, motioned and seconded:

“RESOLVED, that 2019 REVISED Corporate Operating Budget and Work Program for 2019 in the amount of PHP 384.454M, being in order is hereby APPROVED.”

RESOLVED FURTHER THAT, CITEM Management is hereby authorized to utilize the amount of PHP 15.0M sourced from Prior Years Savings to be utilized for the following purposes:

Initial preparatory expenses                      Php 5.0M  
for the Digital Trade Show

Travel expenses for 2019 projects      Php 10.0M  
in compliance with EO 77;

being in order is hereby APPROVED.”

(Res. No. BM 2019-06-04)

#### X. APPROVAL OF THE CORPORATE OPERATING BUDGET AND WORK PROGRAM FOR FY 2020

1. CITEM Deputy Executive Director Ma. Lourdes D. Mediran presented for approval CITEM's Proposed Work Program and COB for FY 2020.



- 331 2. Initially, on 27 March 2019, CITEM was informed by the Department of Budget and Management  
332 (DBM) of the Year 2020 Tier 1 subsidy amounting to P228.479M. This is P4.829 M or 2% lower  
333 than the level as FY 2019 of P233.308M.  
334  
335 3. On 17 May 2019, DBM had a technical budget consultation meeting with CITEM for the  
336 deliberation of Tier 2 Subsidy amounting to P50.0 Million, and realignment of operations budget  
337 related to promotions, PR and marketing to support to Operations in the amount of P18.460M.  
338 As presented below:  
339

FUNDING SOURCES	2020 ORIGINAL PROPOSAL PER DBM RECOM	2020 REVISED/PROPO SED	DIFFERENCE
<b>NG Subsidy</b>			
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
<b>Total NG Subsidy</b>	<b>278.479</b>	<b>278.479</b>	<b>-</b>

- 340  
341 4. As a result of the meeting, DBM recommended P50.0 Million additional subsidy for the Tier 2  
342 projects; and the realignment of of P18.460Million from Operations budget to Support to  
343 Operation.  
344  
345 5. The total subsidy for FY 2020 is Tier 1 at P210.019M. Tier 2 at P68.460M; or Total subsidy of  
346 P278.479 Million.  
347  
348 6. Moreover, a cash drawdown of P19.150M is programmed in 2020 to be used for the following:  
349  
350 a. Digital trade show P14.0M source from the building fund as payment for the  
351 demolition of Hall One  
352  
353 b. Additional fund for Travelling expenses amounting P5.150M to be sourced from  
354 CITEM corporate fund. This is required per Executive Order No. 77 mandating all  
355 GOCCs to source the travelling expenses solely from its corporate fund.  
356  
357 7. For 2020, CITEM proposed to undertake 3 signature events: The Manila FAME, IFEX Philippines  
358 NXT Food Asia, as well as the Create Philippines. The agency, likewise, will organize country  
359 participation in 20 major select overseas trade events, mostly for home, fashion and food.  
360 Markets covered include Europe, NAFTA, Middle East, ASEAN, China and East Asia, which  
361 include Japan, Korea, and Taiwan.  
362  
363 8. CITEM will also organize 3 new projects in Manila. The Green Food Asia 2020; Asian Sourcing  
364 Fair for Green Solution in Food Production and Processing; the Halal Exhibit and Conference;  
365 and the Taiwan Philippine Craft Exchange Program, timed with Manila FAME.  
366  
367 9. In relation to the proposed CITEM's 2020 Strategy and 2020 Proposed Work Program, CITEM  
368 Deputy Executive Director Ma. Lourdes D. Mediran presented the COB for FY 2020 (in Million  
369 Pesos), as follows:  
370

Particulars	2019 Corporate Operating Budget per GAA (In Million Pesos)	2020 C.O.B Proposed Budget (In Million Pesos)	% Increase (Decrease) over 2019
<b>I. Funding Sources</b>			
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%
<b>Total Sources</b>	<b>384.454</b>	<b>397.974</b>	<b>3.52%</b>
<b>II. Budgetary Requirements</b>			
Personal Services	85.501	89.160	4.28%



MOOE	294.228	304.730	3.57%
Gen. Admin Services	32.782	30.338	-7.46%
Support to Operations	21.391	49.880	133.18%
Operations	240.055	224.512	-6.47%
Capital Outlay	4.725	4.084	-13.57%
<b>Total Budget</b>	<b>384.454</b>	<b>397.974</b>	<b>3.52%</b>

10. The Board, having no more comments, motioned and seconded:

"RESOLVED, that the 2020 Proposed Corporate Operating Budget and Work Program in the amount of PHP 397.974, is hereby APPROVED, with the following breakdown:

DBM Subsidy	PHP 278.479M
Corporate Revenue	100.345M
Cash Drawdown	19.150M."

(Res. No. BM 2019-06-05)

#### XI. APPROVAL TO UTILIZE PHP14M HALLONE FUND FOR THE DIGITAL TRADE SHOW

1. CITEM received an amount of PHP20.0M from the Philippine Exporters Confederation Inc., (PHILEXPORT) representing demolition cost for HallOne Pavilion in compliance with EO 289 series of 1995.
2. The last 21 November 2018, the CITEM Management asked from the Board to utilize the PHP20.0M fund for the CITEM Digital Trade show platform. The CITEM Board however asked a business plan and/or presentation on how the Digital Tradeshow will work and its capacity to generate revenue;
3. CITEM sees that from the physical staging of signature events-- Manila FAME and IFEX--, the aim is to further enhance online presence by providing exhibitors an advantage in digital media exposure and connect with global trade buyers in a more convenient and fast-paced manner;
4. The digital tradeshow likewise aims to form an online community where exhibitors, trade buyers, and CITEM exhibitors- exporters can come together to transact, promote their business, share product reviews, gain business and design insights, communicate with each other, form business alliances, and be inspired with a wealth of information.
5. Executive Director Paulina Suaco-Juan presented CITEM's 2020 Strategy that focused on retooling the organization to be competitive for the fast-changing global market with two biggest realities that our industry and stakeholders are facing – digital communications and eco-sustainability.
6. This strategy will involve front end and back end development through the implementation of digital marketing as a core service, promotion of eco-sustainability across signature shows, ensuring of financial stability, and creation of an information-driven culture.
7. The Board asked the return of investments for the proposed Digital Trade Show. CITEM Executive Director Paulina Suaco-Juan with Ms. Wilma G. Dulay then presented the business plan showing the sustainability of the project.
8. Executive Director Paulina Suaco-Juan explained that the bulk of the revenue generation will be through subscription fees. However, for CITEM to do that, there is a need to build a robust community. Hence, from 2021 to 2026, it is proposed that these will be the period of community building.
9. Positively, while subscription fees are not yet feasible in the current time, CITEM Ms. Wilma G. Dulay explained that CITEM can start generating revenue in 2021-2026 through digital intelligence with a fee of Php 5,000 each transaction, subject to 20% increase in cost annually. Executive Director Paulina Suaco-Juan shared that with digital intelligence that comes from the CRM, CITEM could sell database intelligence that will predict product interests of markets to relevant organizations and institutions. This kind of database intelligence is not yet existing;



hence, this would help CITEM in creating trend reports in terms of what the consumers is looking for in the Philippines and sell this to export-related government and non-government sectors.

10. Moreover, CITEM may also customize digital intelligence for SMEs that includes access to archives, business intelligence in terms of paid download, catalogue ranking, search ranking, feature stories / content marketing, email campaign features, ad placements, social media performance, online portfolio performance and maintenance.
11. After 5 years of community building, a positive income of 85M is expected in 2026 and by 2027, when there is already a robust community for digital tradeshow, CITEM can finally charge subscription fees. A fee of Php 4,500 per subscription is forecasted with an estimate of 350 exhibitors plus 1,000 buyers as users. The cost will increase by 20% yearly along with the increase of number of users. Approximately, it is projected that CITEM will earn an equivalent of 79M only from subscription fees and 114M in 2031.
12. Atty. Anna Grace I. Marpuri, Corporate Board Secretary, also added that with the initial fund of 5M, CITEM can buy a CRM and this CRM is a data itself that can generate income. It may help also in increasing potential buyers and other markets creating a positive feedback for our exports.
13. Executive Director Paulina Suaco-Juan presented as well that most of the local exhibitors are not capable digitally as they do not have functioning websites and do not engage in social media. Buyers find it difficult to contact them. With the digitalization, there is a huge learning curve especially in building the community that embraces technology.
14. The Board, having no more comments, motioned and seconded:

"RESOLVED, that the proposed PHP14.0M HALLONE FUND  
to be utilized for the establishment of the CITEM  
Digital Trade Show, being in order is hereby APPROVED.

(Res. No. BM 2019-06-06)

## **XII. APPROVAL OF THE SIGNING AUTHORITY OF CITEM MANAGEMENT FOR AMOUNTS ABOVE PHP5M**

1. Through a CITEM Board Resolution 2018-0202 series of 2018, the CITEM Board delegated the limits of signing authority to CITEM Officials on financial and official documents as follows:

POSITION	SIGNING AUTHORITY FOR PURCHASE REQUESTS, BUDGET UTILIZATION REQUESTS, DISBURSEMENT VOUCHERS, CHECKS AND CONTRACTS
DIVISION CHIEFS	Up to PHP 50,000 (except Checks)
DEPARTMENT MANAGERS	Up to PHP 200,000
DEPUTY EXECUTIVE DIRECTOR	Up to PHP 1,000,000
EXECUTIVE DIRECTOR	Up to PHP 5,000,000.00
<b><u>NO DELEGATED AUTHORITY</u></b>	<b><u>ABOVE PHP5M</u></b>

2. The DTI, of which CITEM is an attached GOCC, likewise prescribes guidelines on Delegation of Authority as provided under Department Order 14-39, series of 2014.
3. It has been the practice of CITEM that for transactions with values above the delegated signing authority to the Executive Director (ABOVE PHP5M), the guidelines on the DTI signing authorities, DTI Department Order 14-39, is observed.
4. Thus, following DO 14-39, for project requirements with amounts above PHP5M, such as exhibition space rental, booth construction, professional/consultancy, logistics requirements and other services that are inherent CITEM's functions and mandate to organizing trade fairs, the DTI Supervising Undersecretary or the DTI Secretary sign documents for CITEM.
5. In a Memorandum dated 31 May 2019 recently issued by the DTI Undersecretary for Management Services Group, clarification was made to the effect that DO 14-39 on signing



483 authority only applies to regular DTI bureaus and attached agencies, and not attached  
484 government corporations, like CITEM. It was further reiterated that CITEM, just like any other  
485 corporation, has a Governing Board where all the corporate powers of the agency are vested.  
486 (see attached Memo of Usec. Vizmonte).  
487

- 488 6. With the foregoing clarification, CITEM Management seek the approval from the Board to  
489 delegate and/or designate the CITEM Management the signing authority for financial documents  
490 with amounts above Php 5.0M.  
491

- 492 7. The Board, having motioned and seconded:  
493

494 "RESOLVED, that the signing authority for amounts ABOVE  
495 PHP 5M is hereby designated to any of the 2 CITEM  
496 BOARD MEMBERS, with the ALTERNATE CHAIRMAN or  
497 CHAIRMAN OF THE BOARD as one of the signatories."  
498  
499

500 (Res. No. BM 2019-06-07)

501 **XIII. ADJOURNMENT**

502 The meeting was adjourned at 4PM.  
503

504 This 28<sup>st</sup> day of June 2019, at 3/F TPG Board Room, DTI International Building, Gil Puyat Ave., Makati City.  
505  
506  
507

508 Prepared by:  
509

510   
511 **ATTY. ANNA GRACE I. MARPURI**  
512 Corporate Board Secretary  
513  
514