# Low utilization blamed for health budget cuts

THE Department of Budget and Management (DBM) said on Wednesday that low cash utilization rates led to the reduction of 2023 funding for some programs run by the Department of Health (DoH), adding that some of them were also not at a stage where they were implementable soon, bumping them down the budget priority list.

"First, allow us to note that the National Government is in a tight fiscal position. Thus, the DBM recognizes the need to carefully prioritize programs and projects based on available budget, and uphold sound fiscal management," the DBM said in a statement.

"When DBM allocates budget, it also takes into consideration the utilization rate of the agency. The decrease in the provision for Public Health Management was due to its low utilization rate," it added, noting its disbursement rate of only 76.7% last year.

On Tuesday, ACT Teachers Party-list Representative Francisca L. Castro expressed concern over cuts in the budgets for epidemiology and surveillance, health regulation, public health and health emergency management.

"Without funding for the Epidemiology and Surveillance Program for the regions, how can we ensure the health and safety of our people? These (budget cuts) are alarming," Ms. Castro said in a statement, noting how as much as 98.73% was slashed from the funding for regions.

"The National Expenditure Program (NEP) budget level for the Epidemiology and Surveillance Program for fiscal year 2023 pertains to budget proposal(s) which were substantiated with details by the DoH. Other items proposed for these programs were not supported with details and hence, had been considered as not yet ready for implementation," the DBM said in explaining why the program's budget decreased by P115 million.

Ms. Castro also flagged a P4.17 billion reduction in the budget for the Prevention and Control of Communicable Diseases, which the DBM said was due to the lower requirement for Personal Protective Equipment (PPE) requested by the DoH.

According to the DoH, since PPE procurement is now the responsibility of individual hospitals, it only sought P1.020 billion for 2023, against P5.304 billion in 2022.

The budget proposed for the Health Emergency Program was P752.341 million, down P61.484 million from 2022.

The responsibility of paying vaccinators was also transferred to local government units, prompting the DBM to provide no allocation for COVID-19 Human Resource for Health Emergency Hiring, resulting in a P4.33-billion budget reduction.

"On the zero provision for procurement of COVID-19 vaccine boosters, it is noted that a standby fund amounting to P22 billion has been provided for vaccines under unprogrammed appropriations," the DBM said.

Ms. Castro also flagged a 13.22% decrease in the allocation for the Health Regulatory Program, which the DBM said was due to a P4.7 million congressional adjustment in this year that was not considered for the proposed 2023 budget.

"Note that despite the tight fiscal position of the National Government, the health sector received a 10.4% budget increase at P296.3 billion in the fiscal year 2023 NEP. This is inclusive of the budgets of the DoH and the Philippine Health Insurance Corp. (PhilHealth)," the DBM said.

**ALLOWANCES FOR PANDEMIC FRONTLINERS**

Meanwhile, the DBM said it is still awaiting the fulfillment of documentary requirements by the DoH before it can release allowances for pandemic frontliners.

"The DBM is yet to receive the DoH's request for One COVID Assistance (OCA) or health emergency allowance covering January to June 2022," DBM Undersecretary Goddes Hope O. Libiran said in a Viber message, noting that the allowances amount to P11 billion.

With regard to the P63-billion OCA that remains unpaid from previous years, Ms. Libiran also confirmed that the DBM still has not received the necessary documents from the DoH.

"Essentially, we asked them to substantiate their request by sending us the budget breakdown, segregation, actual names of claimants, and other relevant documents for us to clearly determine the universe of eligible beneficiaries," the DBM said in a statement last week.

However, "the DoH complied with their commitment to submit requested document for special risk allowances (P1.041 billion) to cover an additional 55,211 eligible public and private healthcare workers from Sept. 15, 2020 to June 30, 2021," Ms. Libiran said. — **Diego Gabriel C. Robles**

## China inspectors clear way for imports of Philippine durian

AN inspection team from China has given the green light for imports of Philippine durian starting this year, China's ambassador said.

"Fresh durian from the Philippines will soon be available in the Chinese market," Ambassador Huang Xilian said in a Facebook post on Wednesday. "It is expected that fresh durian from Davao will be permitted for import into China as soon as this year."

The team went to Davao region for a market access investigation, conducting a risk assessment after inspecting orchards, packaging plants, pest monitoring operations, chemical controls, coronavirus disease 2019 prevention methods, and determining the traceability of produce.

China, a leading durian importer, shipped in 822,000 tons of durian worth $4.21 billion in 2021, up 82.4%. In the first half of 2022, China's durian imports increased by a further 60%, making it the Chinese market's most imported fruit.

"Durian from the Davao region is high in quality and good in taste. It is expected to win the hearts of Chinese durian lovers," Mr. Huang said.

"As one of the most lucrative agricultural products, the entry of high-quality fresh durian from the Philippines into China with a population of 1.4 billion will benefit hundreds of thousands of Philippine fruit farmers and greatly increase the income of local growers in the Mindanao area," he added.

Last month, Davao City's agriculture office had to source durian from neighboring provinces to augment supply for the expected influx of tourists for the Kadayawan festival.

Edgardo A. Haspe, head of the city agriculturist's office, attributed the shortage to unusual weather patterns which affected the fruit-bearing cycle.

He said that the harvest of durian in Davao City was 15,485 MT in 2019 and over 17,000 MT in 2020. It fell to 12,930 MT in 2021.

In the first half, the harvest was only 3,000 MT.

Land planted to durian rose to 3,389 hectares last year, from a base of 3,222 hectares in 2019.

In 2020, China was the Philippines' top trading partner — the third-biggest export market and top source of imports, according to the Department of Trade and Industry. — **Alyssa Nicole O. Tan**

OPINION

## Role of process mining in digital transformation

TAXWISE OR OTHERWISE
JAN BRIAN DESPI

The importance of digital transformation has been acknowledged as being of immense importance in safeguarding an organization's competitiveness and growth. Indeed, organizations have increasingly recognized the potential for streamlining their operations and enhancing efficiency.

Digital transformation involves the use of technology in creating new, and modifying current, business processes, customer experiences and cultures to meet the requirements of a dynamic market. Transformation goes beyond conventional roles such as customer service, sales, and marketing, but revolves around how entities perceive and engage with their customers. Businesses that are not prepared for or incapable of undertaking digital transformation are likely to become less competitive.

As with any form of change, digital transformation requires careful management to ensure the successful implementation of the change. The main challenge is determining where the new technologies can be deployed, what processes are ready for transformation, what needs to be automated, and which projects promise the highest RoI for the business.

Key among the resources that may be tapped for such endeavors is process mining, an analytical approach to discovering and enhancing business processes via the use of readily available event logs extracted from information systems, which results in a visual representation of the actual process. This comes in handy in helping organizations adapt quickly through persistent data analysis and the development of insights that can drive value. Processes are increasingly becoming a major differentiator in an environment where efficiency and speed of workflow will determine whether an entity survives, or secures new business. Process mining can assist an organization in discovering, improving, and monitoring processes. It enhances competitiveness through a better understanding of internal processes and applying the insights to identify process enhancement opportunities.

Process mining makes use of event data to gain insight into operations, check for conformance pertaining to predefined process models, and enhance models using information pertaining to resource usage, bottlenecks, and decisions. Process mining does not concentrate strictly on process management and instead provides a transparent, holistic perspective of all the organization's activities, ultimately creating a dynamic system that could reflect modifications in real time. This ensures that businesses have the opportunity to incorporate data from other sources, proactively mitigating the risks from components in transit. When provided with the data, process mining could evolve into a laboratory to explore areas in which hypotheses are tested and forecasts are sharpened.

Process mining also assists in enhancing automation, especially via the Internet of Things (IoT), and intelligent automation (IA). Process analytics capabilities allow business users to prioritize IoT and IA solutions alongside their economic impacts through blending operational system data to offer full visibility of the actions that a user takes at every stage of the business process. Advanced process mining capabilities can capture real-time information from every other system within an entity and use the information in defining the activity. This ensures that the most repeatable patterns within a manual activity are detected and automated, decreasing dependency on labor-intensive processes and allowing robots to function in an efficient and effective manner.

Process maps could increase operational excellence by imbuing new techniques and approaches that maximize the current processes. Process maps effectively allow for process discovery, assisting organizations in visualizing the reality of their business processes. They can achieve this through an examination of the electronic footprint incorporated in various IT systems, with the process mining software using the structured data to generate process models that allow for more in-depth comprehension. This means that the data logged during the normal process execution would allow for the creation of process maps that incorporate the nuances pertaining to the process, its variants and statistical information. This ensures speedy and cost-effective process delivery that eliminates the need to use interviews to piece together the process. Process maps eliminate the potential for human error and assist in unearthing unusual transactions, as well as the identification of new opportunities that could enhance the operations of an enterprise.

Process maps could ensure full transparency, giving managers the ability to visualize actual process flows in real time. They support each of the workflow's systems such as Salesforce, Oracle and SAP to deliver snapshots of variations in performance, capture digital footprints, and visualize processes. The digital workflow traces may then be examined and reconstructed, with source systems being connected, and data being transformed into event logs to allow for real-time connections. This ensures conformance, tracking of metrics, automation of tasks, and continuous benchmarking, allowing proactive process interventions.

In conclusion, process mining will be an effective way of allowing organizations to implement digital transformation. It would streamline processes, reduce errors, and allow for enhanced transparency of the processes through visualization, all for the organization's benefit.

*The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.*

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# PHL eyes $800-M loan from AIIB, ADB

THE PHILIPPINES is eyeing two loans from the Asian Infrastructure Investment Bank (AIIB) and Asian Development Bank (ADB) worth a combined $800 million next year to fund the government's post-pandemic business and employment recovery program.

The AIIB and ADB will co-finance the program, which is aimed at sustaining the business and job market recovery from the coronavirus pandemic. Each multilateral lender will provide a $400-million loan to the Philippines.

"The pandemic shock to the Philippines' economy created a longer-lasting negative impact on private sector employment in the country and has persisted even after the economy has started to recover. Working-age population and elders, especially women, have been the most negatively affected," the AIIB said.

The annual unemployment rate reached a record-high 10.3% in 2020, reflecting the impact of the strict lockdowns to curb the spread of COVID-19. As the economy continued to reopen, the jobless rate dropped to 6% in June 2022.

The proposed Post-COVID-19 Business and Employment Recovery Program is based on the National Employment Recovery Strategy, which incorporates business, skill development and employment-related reforms.

"The expected outcome will be to enhance the business environment and increase access to formal employment in the private sector. The proposed program will lead to an increase in wage and salary employment in the private sector by an average of 600,000 to 700,000 jobs per year, with the share of such employment in total employment increased to 53% by 2025," the AIIB said.

The program seeks to liberalize the post pandemic business and investment framework, address "pandemic-induced skills mismatch," and implement labor market programs.

Vulnerable or informal workers, especially women, are expected to benefit from the training, reskilling, and upskilling programs.

"A jobs transition program tailor-made for the needs of women will be piloted, including skills training, livelihood grants and childcare assistance," the AIIB said.

It said the estimated date of financing approval is in November, while the loan closing will be in December 2023.

Program loans account for 39.6% of the country's proposed total gross external borrowings for 2023. The rest is composed of project loans, as well as bonds and other inflows, which account for 12.5% and 47.9%, respectively.

The government will borrow from local and external sources to help fund a budget deficit capped at P1.45 trillion next year, equivalent to 6.1% of gross domestic product. As a lower middle-income economy this year, the country has access to concessional loans of its development partners. — **Diego Gabriel C. Robles**

**BSP,**
*from S1/1*

that we will have...a target consistent with the inflation path," he said.

Headline inflation eased to 6.3% year on year in August, from the nearly four-year high of 6.4% in July. It marked the fifth consecutive month that inflation went above the BSP's 2-4% target.

"There are forces that are working in our favor. If US monetary policy becomes too restrictive, demand will fall and the things we import will fall because right now the increase in our current account deficit, two-thirds of that is because of high prices of the things we import," Mr. Medalla said.

"There's more downside than upside, but on balance, we are confident we have enough room. The economy's strong enough, the banking system is strong enough and the payment system is also improving very fast," he added.

The Philippine economy expanded by 7.8% in the first half, above the government's 6.5-7.5% goal for the full year.

"Fortunately, despite this very difficult environment, we have one thing going for us. We are looking at the scenario where we have no more lockdowns. (Pent-up demand) will enable us to grow very fast despite tightening monetary conditions," Mr. Medalla said.

"The key then is to achieve predictable inflation without necessarily bringing down growth too much." — **Keisha B. Ta-asan**