FMIS
Planning for Success

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Benefits of FMIS—So You Agree

- Full integration of budget and budget execution data allowing greater **financial control**
- Close monitoring of outstanding bills, cash in bank accounts and improved **cash** planning
- Provision of timely and accurate data for management and budget **decision making**
- Assistance in preparation of **financial reports** and statements
- Backbone for **additional modules**—HR, Debt, Audit
- Foundation of PBB/M&E and broader **governance** reform on corruption, transparency, e-government
But Getting From A to B--Not So Easy

- Success not assured. Failure, waste, missed potential. Repair harder than new projects
- Not an IT or accounting reform operation. Technological changes, though the most capital intensive, should be in support of comprehensive functional (BPR) reforms
- Institutional and political economy issues are more difficult and can take more time than technical issues
- Senior level understanding/commitment is vital
- Sequencing (core first), team structures, communications, change management, and allies count
- Take the time for a conceptual framework, strategy, cost estimates, and initial training. More sweat now less blood later.
Planning -- Look Before You Leap

- Understand the scope of an FMIS effort
- Gather information and assess the current situation, including other e-government initiatives, financing
- Find champions and allies
- Management matters – project teams and oversight structure
- Anticipate change management
- Expect to train, a lot
- Assure adequate legal framework
- Maintain a strategic vision
Indicative Implementation Schedule

Legal and Institutional Framework

Functional Design, Budget Classification, CoA, Procedures and Manuals

Conceptual Systems Design and Technical Architecture

Systems Procurement

Gap Analysis, S/W Parameterization /Customization/, Testing

Change Management & End User Training

Pilot Systems Implementation

Systems Replication

12/5/2007

12-18 months 12-18 months 24-48 months
Understanding the Scope
Typical Project Activities-1

- Assuring the Legal and Institutional framework
- Specification of Functional Processes, Organizational Arrangements, Budget Classification Structures, CoA,
- Development of an overall conceptual systems design
- Development of the technology design and architecture
- Procurement/ Development of Application Software
- Parameterization customization of S/W
- Testing application S/W for functionality
- Development of operational procedures and manuals
Understanding the Scope
Typical Project Activities - 2

- Systems Implementation at Pilot sites
- Procure and Install hardware at pilot sites
- Institute change management procedures
- Train end user and technical staff
- Implement systems

- Systems Replication across all sites
### Some World Bank Treasury Projects in Europe and Central Asia

<table>
<thead>
<tr>
<th>Name and Country</th>
<th>No of Main Sites</th>
<th>Cost: Total= (Govt. + Bank Loan)</th>
<th>Status/ Completion Time</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ukraine Treasury Systems Project (TS)</td>
<td>700</td>
<td>26.9 (16.5+10.4)</td>
<td>7.0 yrs</td>
<td>Custom S/W</td>
</tr>
<tr>
<td>Kazakhstan Treasury Modernization Project (TS)</td>
<td>250</td>
<td>17.7(15.7+2.0)</td>
<td>8.9 yrs</td>
<td>Oracle Financials</td>
</tr>
<tr>
<td>Hungary Public Finance Management Project (TS)</td>
<td>20</td>
<td>10.4(7.3+3.1)</td>
<td>7.1 yrs</td>
<td>Custom S/W</td>
</tr>
<tr>
<td>Turkey PFMP (TS)</td>
<td>1500</td>
<td>15.9(15.9 + 0.0)</td>
<td>8.5 yrs</td>
<td>Custom S/W</td>
</tr>
<tr>
<td>Albania (TS)</td>
<td>35</td>
<td>9.0(8.5+0.5)</td>
<td>6.8 yrs</td>
<td>Oracle Financials</td>
</tr>
<tr>
<td>Russia Treasury Development Project (TS)</td>
<td>2200</td>
<td>613(231.0+382.)</td>
<td>Ongoing</td>
<td>Oracle Financials</td>
</tr>
<tr>
<td>Moldova PFMP (IFMS)</td>
<td>35</td>
<td>15.3(8.5+6.8)</td>
<td>Ongoing</td>
<td>Bidding for COTS</td>
</tr>
<tr>
<td>Kyrgyz Republic (TS+HRMIS)</td>
<td>65</td>
<td>10.2(6.7+3.5)</td>
<td>Ongoing</td>
<td>Bidding for COTS</td>
</tr>
<tr>
<td>Azerbaijan (TS)</td>
<td>90</td>
<td>13.4(9.5+3.9)</td>
<td>Ongoing</td>
<td>SAP</td>
</tr>
<tr>
<td>Georgia (IFMS)</td>
<td>30</td>
<td>15.0(3.0+12.0)</td>
<td>Ongoing</td>
<td>COTS planned</td>
</tr>
<tr>
<td>Second Ukraine PFMP (IFMS)</td>
<td>700</td>
<td>65.0(50+15)</td>
<td>Under Preparation</td>
<td>COTS planned</td>
</tr>
<tr>
<td>Tajikistan (IFMS)</td>
<td>75</td>
<td>10.0(5.0+5.0)</td>
<td>Under Preparation</td>
<td>COTS planned</td>
</tr>
</tbody>
</table>

Remarks:

- **Oracle Financials**: Software provided by Oracle
- **Custom S/W**: Custom software provided
- **Bidding for COTS**: Bidding for Commercial Off-the-Shelf (COTS) solution
- **SAP**: Software provided by SAP
- **COTS planned**: COTS solution planned

Get the Facts

- Critical need to understand present situation
  - Status of budget/treasury functions
  - Roles and responsibilities
  - IT adequacy, management, experience
  - Chart of Accounts—international standards?
  - Public contracting
  - Data reliability and integration
  - Horror stories or foregone savings
- Public Expenditure Financial Accountability (PEFA)
- Various other external assessments/internal reviews
Find Champions and Allies

- Strong Government and MOF Commitment have been a key factor for the success of Reform Projects
  - Can be better achieved if projects are framed as public expenditure management (PEM) systems reform initiatives rather than just accounting/IT systems reform
  - Senior level policy makers in MOF and donor organizations understand and can sell/defend
  - Use videos, observational trips, PEMPAL, etc. to reinforce vision and reform commitment
  - Collaborate with line ministries already implementing their own systems
- If possible reach out to press, NGOs, private sector
Management Matters

- **Project Manager** – Senior official from FUNCTIONAL SIDE with stature within bureaucracy, adequate financial and administrative powers.

- **Core Team** –
  - Group of trained professionals from core functions, who can act as change agents.
  - Representatives of major stake holders need to be represented on the team to manage the interface with their agencies.

- **Project Secretariat** - should have specialist staff with experience in the installation of large scale IT systems and IT procurement
  - Familiarity with IT projects is an advantage
Train and Train Again

- Large numbers - can appear overwhelming.
  - However, most Governments have training institutions which could be used to impart training.

- Program needs to be structured to requirements.
  - Most staff need to know only specific features of the system

- Should be coordinated closely with implementation plans
  - focused to specific requirements of a given site
  - should be imparted just before site implementation;
  - help desk,
  - hand holding clinics
Manage the Change

n Need to overcome opposition from vested interests who see reform as a threat
  n Despite advantages of new system opposition should be expected
  n Perception of the system being a threat can be reduced through communication, retraining, participation, focus on quick wins, managed expectations
  n Identify win-win examples for civil servants
Get A Lawyer (if you must)

- Development of a comprehensive budget management law for management of public funds and property
  - Specifies the roles and responsibilities of the Treasury, the MOF and Line Agencies
  - Specifies the authorities and responsibilities for:
    - Receipt and custody of public funds
    - Public expenditure management control processes
    - Management of public debt
    - Accounting, Financial Reporting and Audit
  - But if the current framework works, fix it later.
Finally, the Plan

- Based on a conceptual model, a strategic plan laying out goals, methods, timeframes, costs, benchmarks, etc.
- Review by stakeholders for buy-in
- Approval of plan by highest appropriate body
- Clear mandate/structure for plan implementation
- Adhere to plan and benchmarks, but flexibility, with approval by project governance structure, for adjustments
- Periodic reviews of project and plan
- Importance of maintaining capacity for strategic visioning to sustain reform impulse, financing, integrity of integration of systems, etc.