



# PULSAR

## Financial Reporting Community of Practice (FINCOP)

### 5th Workshop

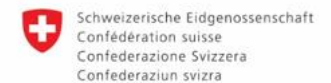
Vienna, Austria, November 21-22, 2019

International Experiences Implementing IFMIS in Latin America



Public Sector Accounting and Reporting Program

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# General Considerations



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There is no PERFECT IFMIS implementation project.

All projects have SUCCESSFUL experiences and FAILURES, which worth to be UNDERTOOD and analyzed as LESSONS LEARNED.

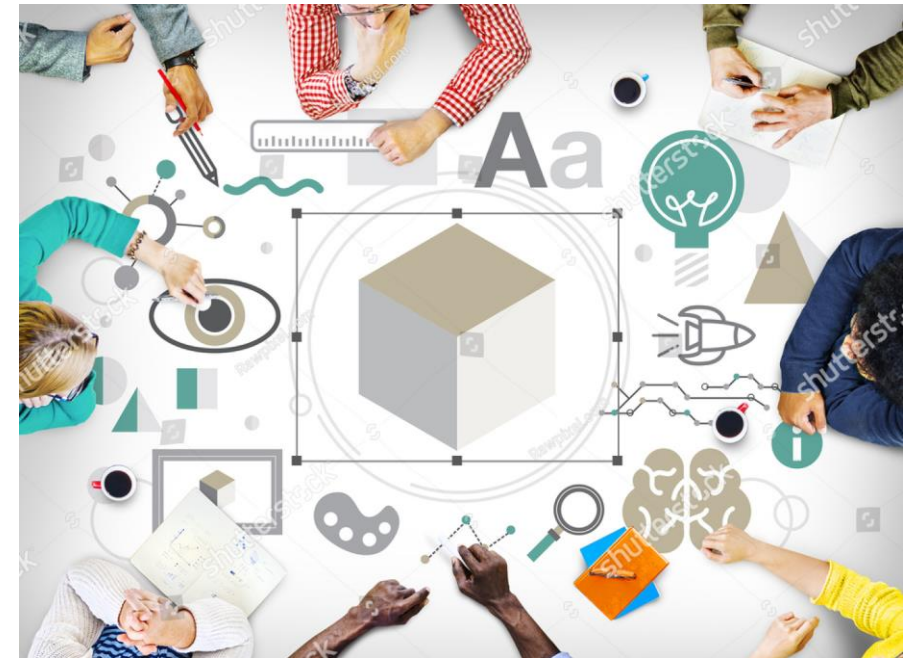
This presentation is not focused only BEST PRACTICES or SUCCESSFUL EXPERIENCES, this presentation is focused on LESSONS LEANED from SUCCESSFUL AND FAILED EXPERIENCES.

# 1. Practical Solutions – Focus on What and not How



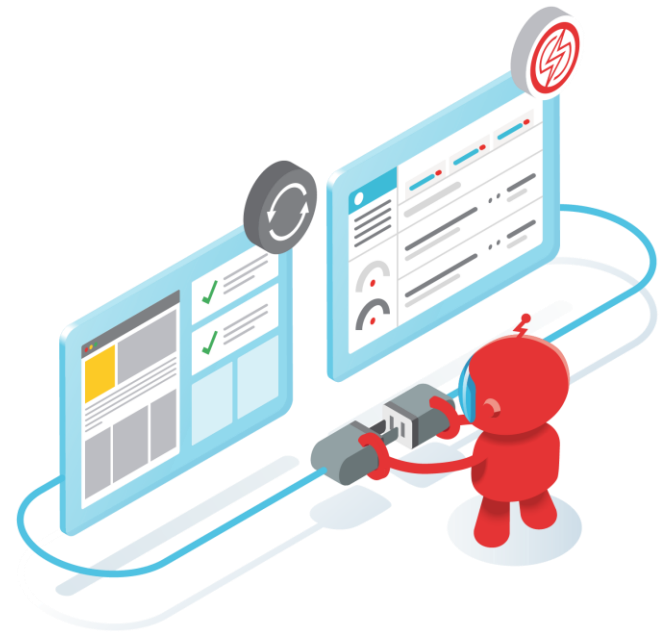
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- **Technical Specifications:**
  - Internal Treasury Management Information System: Colombia. (Around 40 users, Original Budget US\$ 3 million).
  - Very comprehensive project design. (1.5 years)
  - Functional Specialist develop DETAILED but PRESCRIPTIVE specification.
  - NO market research was done before procurement processes.
  - Requirements were **TOO PRESCRIPTIVE**, high level of adaptation were identified, the lowest financial proposal was US\$ 15 million (5 times the original budget)



## 2. Pragmatic Approach for Integration

- **Integration between Budget Execution Cycle and Procurement Process: Chile**
  - Original design based on **Processes Integration**.
  - After 2 years and several integration attempts, **no agreement** on process integration was reached.
  - Project **came back to the objectives**: i) Control of Budget Availability; ii) Control payments against contract value; and iii) Control of final beneficiary against vendor awarded.
  - New approach was oriented to **VALIDATE** information with Public Procurement Agency.
  - Integration was implemented **4 months** after new approach.

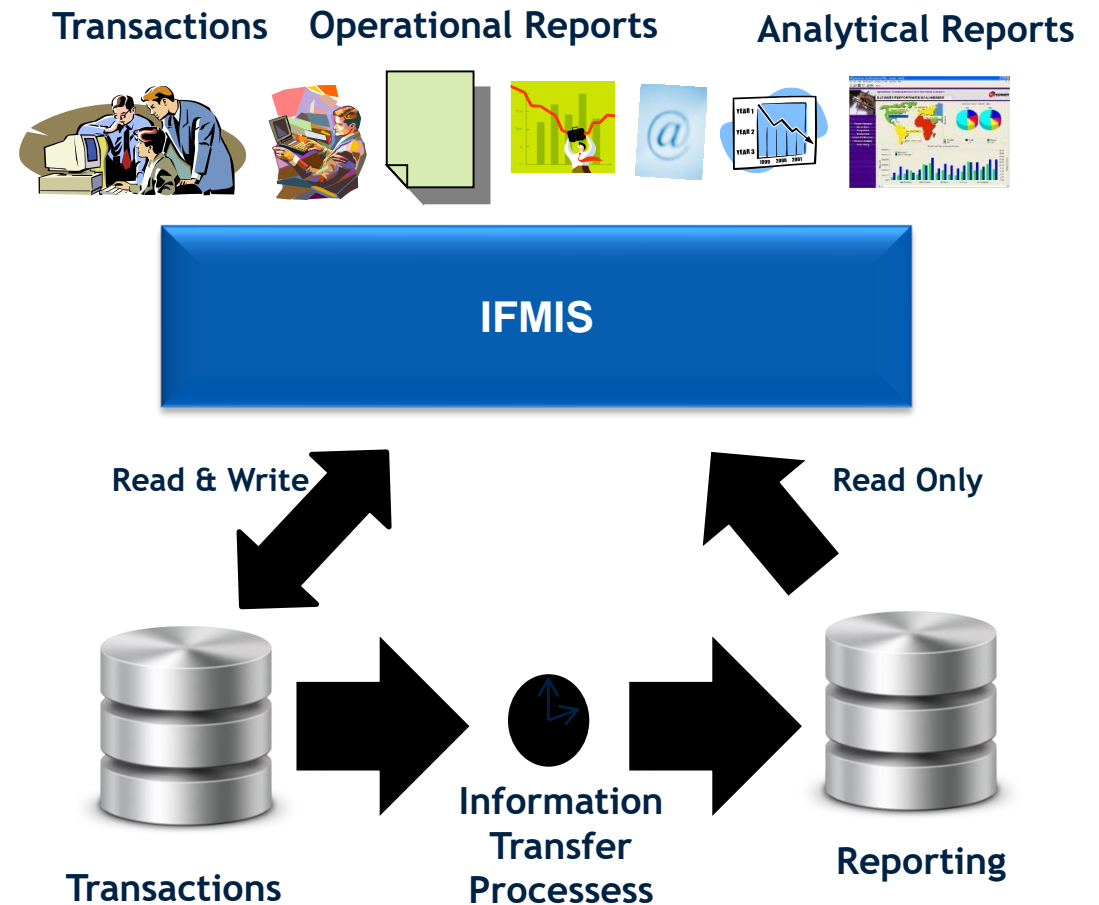


### 3. Strategy for Reporting and Historical Data



- Several Countries with Centralized IFMIS Model have faced PERFORMANCE problems due to balance between Transaction & Reporting requirements.

- Colombia: Centralized Accounting, Single Treasury Account, Single data base for transactions and reporting. After 4 years of operations should move to a dual data base approach.
- Guatemala, Honduras, Nicaragua: Still face serious performance problems. (Single data base is one of the reasons)
- Chile: Designed from the beginning a dedicated reporting data base.
- Data Warehouse for reporting could be an appropriate approach.



## 4. Cost-Efficient Solutions



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### Reducing Licensing Costs (Panamá):

- **Core IFMIS** functions for supporting expenditure cycle were implemented using **SAP**.
- **Cost of licensing** was an important issue for ensuring financial sustainability.
- Ministry of Finances wanted to incorporate **Budget Preparation** functions as part of core IFMIS. This is a **deconcentrated** function, more than **900 new users**.
- **Cost-efficiency** of these new required licenses were too **low**. High volume but few transactions per user a year (temporary function).
- Government implemented a **Budget Preparation Portal**, linked to Core IFMIS. Cost of licensing reduced drastically.
- Same approach is being proposed to the Philippines.





# 5. Change Management Strategy



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- **Change Management is KEY.**
  - Change Management: Generation of enablers for the change → Want to do; Know how to do; can do.
  - From the **structuring** of the project. **Honduras:** Project failed due to weak recognition of previous efforts and existing team members.
  - During **designing** stage. **Panama.** Stake holders were not involved from the designing stage. Some stakeholders perceived IFMIS as imposition where they didn't take into consideration. Acceptance and Governance problems.
  - **Setting expectations** and phases. **Brazil.** Government set deadline for implementing IPSAS at subnational level under Universal Approach. It was not feasible, the approach and deadlines were changed several times. This **reduced credibility** and interest on IPSAS implementation.



## 6. Including Quick Wins



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- **Quick Wins helps to keep interest in the project**
  - **Central Bank of Paraguay:** IFMIS project had week credibility within the institution. The strategy was to implement a simple but visible product. Request of annual leaves and permission as Self-Service.
  - **Colombia:** Transparency portal was implemented using existing information. This was launched by the President and well received by press and citizens.