

GovTech Case Study

Maximizing the Benefits of FMIS in Cambodia



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I. Problems and objectives

Cambodia FMIS Implementation Challenges

- Costly and technically demanding Preparation
- Procurement challenges => requires redefining scope and implementation sequences
- Long period of implementation
- FMIS in place but lengthy approval processes caused delays:
 - Partial streamlining of processes during first phase of implementation 2013-2017 => FMIS operational but lengthy offline processes operated in parallel
 - Use of cash advance and offline clearance



Objectives

Maximizing the benefit of FMIS

- Strengthen accountability through improved reporting
- Serve as a backbone for effective public expenditure management
- Facilitate the budget execution processes

II. Solutions and Approaches

Technical assistance to enhance the business process streamlining and facilitate change management.

1. Business Process Streamlining Plan (adopted early 2020)

- Sequence implementation from low risk transactions to medium and higher risk transactions
- Identify a pool of direct payment business processes that could be streamlined
- **Rollout:** streamlined payroll and low risk transactions at MEF and 7 Line Ministries in 2020; introduced streamlining to additional 19 Line Ministries in 2021

2. Change Management

- Provide adequate support for change management
- Gradual approach to ensure successful transition and minimize resistance from stakeholders



Digital Solutions

- Oracle PeopleSoft Financials
- 6 modules and being expanded
- 1,662 users
- USD 80.4m for software and development Phase I, II and III
- Sponsors: Australia, Sweden, EU

Streamlining Principles	Add	Review	Approve
Low risk transactions	✓		✓
Medium risk transactions	✓	✓	
High risk transactions	✓	✓✓	✓

III. Results and Next Steps

Results

- **Continued streamlining efforts gradually reduced processing time, for example:**
 - MEF: 46 steps (36 steps outside FMIS) reduced to 13 steps (4 steps outside FMIS)
 - MPTC payroll processing time from 35 days to 12 days MAFF utilities payment processing time from 26 days to 12 days
- **Effective change management** supported by strong supportive authorizing environment, clear action plan and proactive troubleshooting

Next Steps

1. **Continue to implement BPSP**
2. **Expand FMIS functionality (procurement and budget formulation)**

III. Results and Next Steps

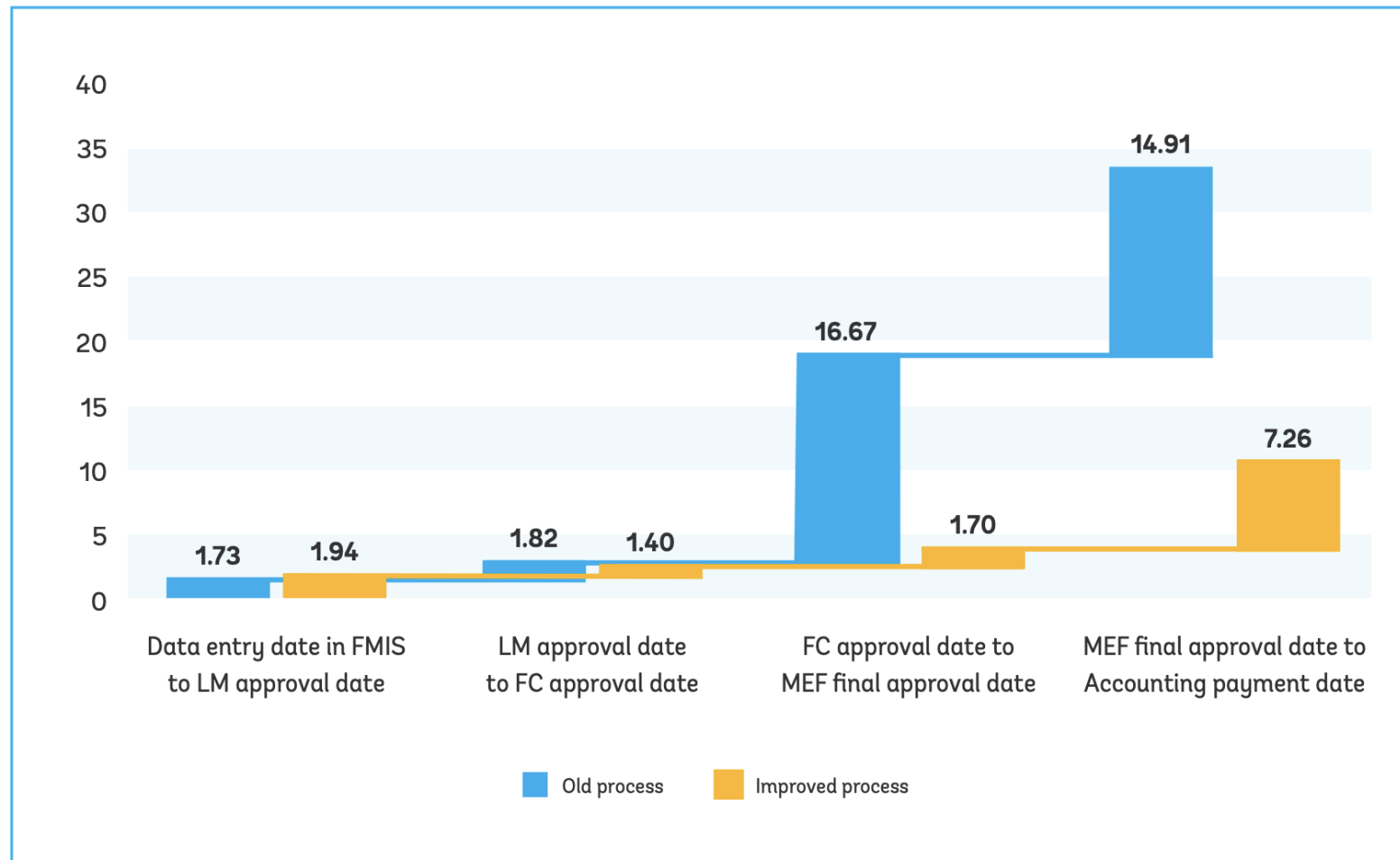


Figure 1: Old vs Improved Process for Payroll – Base Salaries (64021) at the Ministry of Post and Telecommunication (MPTC) from Data Entry in FMIS to Payment Accounting Date (in day, 2018-2021)

III. Results and Next Steps

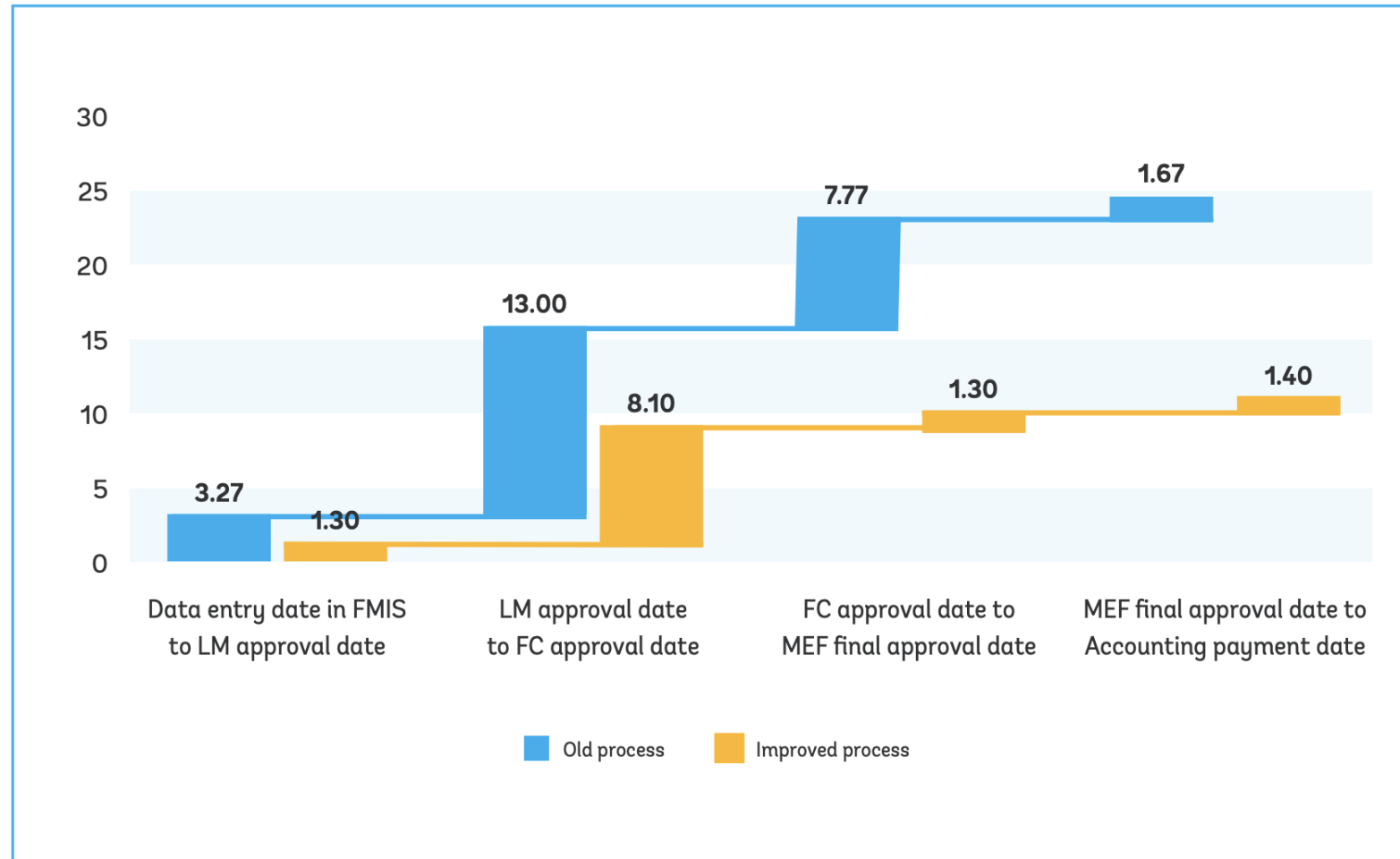


Figure 2: Old vs Improved Process of Clean Water Supply Expenses (60062) at the Ministry of Agriculture, Forestry and Fisheries from Data Entry in FMIS to Payment Accounting Date (in day, 2018-2021)

IV. Key Takeaways

- **Realizing the full benefit of an FMIS does not end with the installation of a technology package**
 - Addressing technical complexity
 - Human aspects: buy-in to ensure a smooth process
- **Adequate and ongoing attention to business process improvement and change management are necessary for successful adoption:** help users understand how to operate inside and outside of FMIS workflow
- **Advanced communication and early introduction of change management:** to align expectation and agreement from the beginning.
- **Authorizing environment is another important aspect for success in Cambodia:** Ownership is key to timely adoption of strategies, policies and action plan, and to implement FMIS.

THANK YOU!

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