

TECHNICAL COOPERATION DOCUMENT

I. Basic Information

▪ Country/Region:	Regional
▪ TC Name:	Modernization of Integrated Financial Management Information System (IFMIS) in Latin America and the Caribbean (LAC) from the Korean Experience
▪ TC Number:	RG-T2916
▪ Team Leader/Members:	Hyungon Kim (IFD/FMM), Team Leader; Carlos Pimenta (IFD/FMM); Alternate Team Leader; Taos Aliouat (LEG/SGO); Edna Armendariz, Mariana Canillas and Diana Champi (IFD/FMM)
▪ Taxonomy	Research and Dissemination
▪ Date of TC Abstract:	December 2016
▪ Beneficiary:	Latin America and the Caribbean countries (potential candidates: Ecuador, Honduras, Costa Rica, Peru, Colombia, and Paraguay, Panama, and Nicaragua)
▪ Executing Agency:	Inter-American Development Bank through Fiscal Management Division (IFD/FMM)
▪ Donors providing funding:	Public Capacity Building Korea Fund for Economic Development (KPC) ¹
▪ IDB Funding Requested:	US\$750,000
▪ Disbursement period:	36 months (execution: 36 months)
▪ Required start date:	March 2017
▪ Types of consultants:	Individual consultants and firms
▪ Prepared by Unit:	IFD/FMM
▪ Unit of Disbursement Responsibility:	Institutions for Development Sector (IFD/IFD)
▪ TC included in Country Strategy:	No
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law

II. Objectives and Justification of the TC

- 2.1 The objective of this Technical Cooperation (TC) is to make public financial management's selected LAC countries more efficient and transparent, taking into consideration the lessons learned from Korea's good practices on IFMIS. This will be accomplished through: (i) Diagnostic study and technical training on Korean system; (ii) Policy recommendations for modernizing IFMIS; (iii) Pilot project implementation; and (iv) Dissemination of project results.
- 2.2 IFMIS refers to computerization of public financial management processes including budget formulation, budget implementation and accounting through a fully integrated system for financial management of the line ministries and other spending agencies across all revenues, expenditures, and financial transactions. The scope and functionality of IFMIS can vary across countries, but IFMIS consists of several core sub-systems that normally include accounting, budgeting, cash management, debt

¹ See [Donor's Approval letter](#).

management and related core treasury systems. In addition to these core sub-systems, some countries have chosen to expand their IFMIS with non-core sub-systems such as tax administration, procurement management, asset management, human resource and pay roll systems, pension and social security systems and other possible areas seen as supporting the core modules.² The use of public financial systems in many developed countries is less standardized or centralized, except some countries including South Korea and France.³

- 2.3 In the context of LAC, the adoption of IFMIS has improved management of public funds in some countries including Argentina, Bolivia, Brazil, Chile, Guatemala, and Paraguay,⁴ especially as fiscal resources become scarce while there is a mounting pressure on public finance to cover the increased demands for more public investment and social expenditures. The currently predominant IFMIS model in the LAC region comprises four main areas: budget, treasury, accounting, and public debt. In addition, IFMIS interacts with other public resource management systems, such as public investments, human resources, payroll, procurement, tax administration, project management, and public goods administration. Moreover, most countries have built a single central database system with broad coverage, which is centrally administered under the guidance of the Ministry of Finance, but with decentralized operations between public entities and their spending units.
- 2.4 The implementation of IFMIS has become very demanding, especially for low and middle-income countries, and success has been patchy. The IFMIS arrangements require relevant authorities' clear commitment and mid-level change management, as implementing and maintaining the systems involve the Ministry of Finance and all line ministries. In addition, Information Technology projects require substantial investments in equipment, training and infrastructure. Public accounting consolidation at all levels of government and public enterprises, provision of sufficient information for decision-making and public expenditure efficiency, and lack of institutional capacity are some challenges facing the LAC region.
- 2.5 Specifically, the level of integration between the IFMIS and the administrative systems is still low. The IFMIS in Bolivia and Brazil are the most integrated in the region. In other countries, the IFMIS are most frequently integrated with only the procurement or payroll systems. In terms of technology, IFMIS in Argentina and Brazil as the most advanced in the LAC region, followed by those of Bolivia, Chile, Guatemala, Honduras, and Paraguay, which have reached intermediate levels. Following two decades of operation, several countries such as Argentina, Brazil, Chile, the Dominican Republic, Nicaragua, Panama, and Peru have engaged in updating their IFMIS.
- 2.6 In this respect, it is necessary to modernize the IFMIS in LAC by assessing their status and identifying implementation challenges. Most importantly, a more detailed institutional capacity building process to guarantee the effectiveness and sustainability of the processes of identifying, organizing, and providing information is needed. Furthermore, the level of integration and interoperability with the administrative

² The Implementation of Integrated Financial Information Management Systems (IFMIS), (2009, Marie Chêne, U4 Helpdesk, Transparency International) for a review of the literature.

³ Management Information Systems Oriented Toward a Modern Public Management, (2012, Pedro Farias and Carlos Pimenta 2012).

⁴ Management Information Systems Oriented Toward a Modern Public Management, (2012, Pedro Farias and Carlos Pimenta 2012).

functions of other systems must be optimized. It is therefore imperative that a phased approach should be followed with accommodating the different views and interests of various stakeholders as system characteristics. Integration is critical to the operation of an IFMIS. Integration, using a common “data warehouse”, ensures that every unit and every user adhere to common standards, rules, and procedures and helps safeguard against unauthorized or imprudent uses of budget funds. It also allows users anywhere within the IFMIS network to access the system and extract the specific information they need. A variety of reports can be generated to address different budgeting, funding, treasury, cash flow, accounting, audit, and day-to-day management concerns.

- 2.7 Korea’s IFMIS—named Digital Budgeting and Accounting System (DBAS) and also commonly referred to as dBrain—is widely recognized as one of the most sophisticated and successful systems by international organization standards like the World Bank and UN⁵. Advantages of Korea’s IFMIS are multiple, but the foremost is that it was designed to facilitate modifications in response to changing budgeting needs and revisions to the budget system. This is because the core design of the system was specified by the government, rather than strongly influenced by system vendors. This has allowed the system to undergo continuous upgrades since its early development. For instance, a performance management module was added with relative ease after the initial version was unveiled. The Korean case serves as a good example from which other governments will find reference points in efforts to modernize their IFMIS. Especially, the compartmentalized design of IFMIS in Korea is a feature that facilitates adaptation to environments other than Korea. Governments seeking to adopt the Korean model can specify particular subsets of IFMIS modules that fit their needs and budget systems, and a fully functioning new adaptation can be assembled quickly and effectively.
- 2.8 Against this backdrop, this TC supports the governments in LAC to assess efficiency in management of their IFMIS and to modernize them, taking into consideration the lessons learned from Korea’s good practices. This TC is consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) and is strategically aligned with the development challenge of productivity and innovation by supporting a stronger institutional framework for innovation policies. The TC is also aligned with the cross-cutting theme of institutional capacity and rule of law by enhancing confidence and credibility of Public Financial Management (PFM) through greater comprehensiveness and transparency of financial information in the region. Additionally, the program is consistent with the Bank’s Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2) and the Fiscal Policy and Management Sector Framework Document (GN-2831-3). This TC’s objective is closely aligned to the objective of KPC stipulated in the Fund operational guidelines.

III. Description of activities/components and budget

- 3.1 **Component I. Diagnostic study and technical training on Korean system (US\$300,000).** The objective of this component is to examine in detail current status of the existing IFMIS of five countries⁶ in terms of their functional scope, technical

⁵ Park, Ra and Heo (2014), “Management Evaluation System for Public Institutions in Korea”.

⁶ Candidate countries may be Ecuador, Honduras, Costa Rica, Peru, Colombia, and Paraguay that have already signed Memorandum of Understanding with South Korea to facilitate cooperation in a number of areas relating to public financial management including IFMIS. In addition, Panama and Nicaragua will be

capacity, technological issues and degree of integration within different components of the system as well as integration with other systems in the public sector. At the very start of this project, the selection process is going to be done after we we'll conduct initial technical analysis and get the corresponding letters of non-objection from the selected countries with the examination of willingness of candidate countries. The following activities will be financed under this component:

3.2 Activity 1: Design of the assessment framework on the status of IFMIS. The first step of this TC is to design the comparative framework that facilitates diagnosis on the status of IFMIS in the following areas: (1) institutional framework, (2) technological architectures; and (3) human resource requirements and capacity. In order to design the framework, several internationally used toolkits⁷ will be considered. In line with the framework, surveys for public servants will be designed to identify key issues and weaknesses in their IFMIS. The motivation behind the inclusion of these areas are described below:

- a. The institutional framework for IFMIS is essential because IFMIS involves more than the “simple” automation of public finance tasks and processes. IFMIS imply reforms that change existing procedures in a more efficient manner. They should therefore be seen as an organisational reform which deeply affects work processes and institutional arrangements governing the management of public finance. Many projects have failed because they lacked clear ownership and clear authority to implement⁸. Public expenditure management is segmented by institution. As a result, it is not always clear who should be in charge of IFMIS, from the Ministry of Finance or Accountant General Department. In this sense, this area includes legal framework, business processes, budget and account structure, and centralised treasury operations, and so on.
- b. The technological architectures are crucial given that many IFMIS have failed to specify the required functionalities from the outset, which is hard to correct later. IFMIS must be carefully designed to meet agency's needs and functional requirements, including the accounting and financial management tasks the system should perform. In some cases, interfaces with existing IT systems have to be created to fit the country's specific circumstances. As documents on the functional requirements, which will often serve as a blueprint for later phases of the system, it is important to spend enough time on the design phase of the project. As IFMIS core systems need to be adapted to the local context and environment, a key issue to consider is whether to use Off-The-Shelf (OTS) systems and customize them to fit the local conditions or whether to invest in an own “custom-build” system, with major costs and resource implications.
- c. Human Resources Requirement and Capacity may have a great influence on the successful IFMIS implementation. Many studies show that IFMIS implementation involves considerable human resources requirements and capacity building throughout the entire government. The level of computer literacy in developing

included because there is government's interest in improving their IFMIS. Among these countries, 5 cases will be selected.

⁷ The design of this framework will consider the recommendation and assessment toolkit used by the World Bank, IMF and IDB. These include Public Expenditure and Financial Accountability (PEFA), WB IEG's diagnostic framework to assess FMIS, and IDB PRODEV Evaluation System (SEP).

⁸ Emilie Combaz (2015), “Implementing integrated Financial Management Information Systems”.

countries must be adequately assessed and addressed before such projects can be truly viable. The lack of staff with required IT-knowledge should be remedied by training and hiring as well as improvement of the current salary structure and terms of employment in the public sector.

- 3.3 **Activity 2: Training program on Korean Brain system.** This activity will intend to support the participation of government officials from LAC and IDB staff in a training program⁹ to learn the best practices from government and private entities in Korea and to look for opportunities for collaboration. This training program will be the technology transfer experience and has a length estimated in one to two weeks. LAC public servants and IDB staff will visit Korea to study its IFMIS reforms that Korea has laid out over the years to enhance fiscal efficiency and soundness, and thereby helping ignite the innovation of IFMIS in LAC. This TC covers the travel expenses for IDB staff in FMM that will share experiences and how the Bank can support the modernization of IFMIS from the fiscal standpoint.
- 3.4 **Activity 3: Application of the framework through surveys.** Surveys will be designed and conducted mainly for public servants at Ministry of Finance and related entities in each country. Local consultants will be hired to collect information, to support knowledge of local context, and facilitate communication with Ministry of Finance, line ministries and other related government bodies.
- 3.5 **Component II. Policy recommendations for modernizing IFMIS (US\$50,000).** This component will provide a specific set of policy recommendations to improve the effectiveness of participating countries' IFMIS. The following activity will be financed under this component:
- 3.6 **Activity 4: Policy recommendations report.** This activity will process data cleaning and analyse data collected through surveys under Activity 3. It also includes the drafting of challenges and a specific set of policy recommendations for participating countries to modernize their IFMIS taking into account the Korean experience and other sources¹⁰.
- 3.7 **Component III: Pilot project implementation (US\$300,000).** The objective of this component is to support one or two pilot programs of the IFMIS, which will be launched on a first come, first serve basis upon letter of request. This component will intend to facilitate selected countries' implementation of the policy recommendations¹¹. In particular, this component will support a feasible strategy for improving government's

⁹ It includes the institutional framework for IFMIS, the technological architectures, the central financial information system such as budget, expenditure, revenue, national asset management, human resources requirements and capacity building, and international cooperation. Participants will be decision makers who have the formal authority to manage IFMIS or lead IFMIS-related projects at the Ministry of Finance.

¹⁰ For example: "Chapter 5. Public Financial Management" by Kaufmann, Pimenta and Urrea in the book "Building Effective Governments" (2015); and "Chapter 7. Integrated Financial Management Information Systems in Latin America Strategic Aspects and Challenges" by Carlos Pimenta and Gerardo Uña in the book "Public Financial Management in Latin America: the key to efficiency and transparency" (2015).

¹¹ The Scope of the pilot project includes (i) the policy prerequisites that need to be addressed before systems implementation can commence; (ii) the key characteristics of Government fiscal management processes and transactions; (iv) their scope and functionality; (v) the design considerations that need to be kept in mind to meet to meet diverse stakeholder requirements; and (vi) several considerations related to the technology to be employed, its deployment, and the expertise and capacity required for its procurement, operation, etc.

capacity to manage IFMIS. In doing so, the Korean government will actively support this activity. The following activities will be financed under this component:

- 3.8 **Activity 5: Design and implementation of pilot project.** One or two countries that demonstrate innovative capacity and strong commitment will be selected for the pilot project. The team will carry out more in-depth analysis in line with the Activity 1 through additional data collection and interviews for government officials. The modernization plan of IFMIS will be developed and implemented with a more feasible strategy for improving the government's capacity to make information on public finances comprehensive, secure, and transparent. In particular, more tailored consultancy services will be provided to encourage public officials to commit to the whole process and to foster their ownership.
- 3.9 **Activity 6: Korea's technical assistance to targeted countries.** In order to support in-depth, the project implementation, experts from the Korean government and entities will cooperate with LAC officials, taking into account the specific characteristics of the pilot country. The component supports the participation of public servants from Korea and targeted countries as well as IDB staff in a capacity-building training activity with the purpose of sharing the more detailed technical issues from Korea and looking for opportunities for further collaboration. This TC covers the travel expenses for IDB staff in FMM that will share experiences and how the Bank can support the modernization of IFMIS from the fiscal standpoint.
- 3.10 **Component IV: Dissemination of project results (US\$80,000).** The objective of this component is to disseminate the findings and recommendations of the technical cooperation with the goal of strengthening countries' institutional capacity and promoting policy dialogue. The following activity will be financed under this component:
- 3.11 **Activity 7: Dissemination events.** This activity will include dissemination workshops that will be held in one of the target countries and at the Bank's Headquarters in Washington D.C., with the participation of public servants from Korea and LAC countries as well as IDB staff to share the results. This dissemination also could be included in other events about IFMIS in the Bank.
- 3.12 At the end of this TC, the Bank will strengthen its knowledge on IFMIS in LAC, therefore, improving its ability to provide better policy advice to countries in the region. The main expected products include a framework, surveys, workshops, and IFMIS modernization plans.¹² The expected outcome relates to public servants' better recognition of their IFMIS and motivation to modernize their systems by getting technical assistance.
- 3.13 The total cost of the TC is US\$750,000, which will be financed by The Public Capacity Building Korea Fund for Economic Development (KPC). ([See Detailed Budget](#)).

¹² Period of accomplishment of each phase of the project.

Indicative Budget (US\$)

Component	IDB	Total
Component 1. Diagnostic study and Technical training on Korean system	300,000	300,000
Component 2. Policy recommendation report	50,000	50,000
Component 3. Pilot project implementation	300,000	300,000
Component 4. Project results dissemination	80,000	80,000
Contingencies	20,000	20,000
TOTAL	750,000	750,000

- 3.14 This TC will have an external monitoring and evaluation by an independent consultant, paid by the project, who will certify the fulfilment of the indicators and goals included in the results matrix.

IV. Executing agency and execution structure

- 4.1 The Bank will execute the technical cooperation through the Fiscal Management Division (FMM).¹³
- 4.2 Prior to the initiation of any project activities, the project team will obtain a non-objection letter from the corresponding official entity in each country. In addition, in advance of the pilot project, the team will get the request letter from the participating countries.
- 4.3 The Bank will contract individual consultants in accordance with Bank's current procurement policies and procedures.

V. Major issues

- 5.1 The first risk is the unwillingness of stakeholders to participate in the survey and data collection process. To mitigate this risk, the team is working through existing IDB networks¹⁴ and will adapt each survey to fit the regional context in collaboration with IDB country offices. The second risk is difficulties in the execution of pilot projects. This risk is best mitigated by seeking the support of entities in LAC countries from the diagnostic to the preparation of the roadmap for the pilots onwards in collaboration with agencies with which the Bank has worked successfully in the past and with the Korean government.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy have been identified.

VII. Environmental and Social Strategy

- 7.1 There are no environmental or social risks associated with the activities outlined in this TC. According to the Environmental and Safeguards Compliance Policy (OP-703) this TC has been classified as category C (see [Safeguard Filters](#)).

¹³ Information related to the progress reports and financial reports will be informed annually through the GCM system.

¹⁴ Latin American and Caribbean Community of Practice on Managing for Development Results (CoPLAC-GpRD) is an example of the IDB networks.

Required Annexes:

- Annex I: [Results Matrix](#)
- Annex II: [Terms of Reference](#)
- Annex III: [Procurement Plan](#)


Result Matrix

Outcomes

Outcome:	1 Improved knowledge and motivation to modernize IFMIS, presenting evidence that knowledge derived from sharing practices and documentation was used in the process of design and implementation of a more robust IFMIS.								
Indicators	Flags*	Unit or Measure	Baseline	Baseline Year	Means of verification		2017	2018	EOP
1.1 Increased the # of public servants responding "After this project, I've become more knowledgeable on IFMIS issues.		Minimum percentage	10.00	2016		P	30.00	40.00	80.00
						P(a)			
						A			
1.2 Increased the # of countries demanding Bank's support for IFMIS modernization.		The number of country	1.00	2016		P	1.00	1.00	3.00
						P(a)			
						A			

 RF - Contribution

Outputs: Annual Physical and Financial Progress

1 III. . IFMIS modernization action plans suggested						Physical Progress				Financial Progress								
Outputs	Fund Indicator	Unit of Measure	Baseline	Baseline Year	Means of Verification		2017	2018	2019	EOP		2017	2018	2019	EOP	Theme	Flags	
1.1 Diagnostic study with training and surveys carried out	Other(KPC)	Report	0	2016	Survey report and country databases in Project files by FMM consultant	P	1.00	0.00		1.00		P		250,000.00	50,000.00	300,000.00	Regional Integration	
						P(a)				0.00		P(a)				0.00		
						A					A							
2 II. Policy recommendation report suggested						Physical Progress				Financial Progress								
Outputs	Fund Indicator	Unit of Measure	Baseline	Baseline Year	Means of Verification		2017	2018	2019	EOP		2017	2018	2019	EOP	Theme	Flags	
2.1 Policy recommendations for IFMIS modernization prepared	Other(KPC)	Report	0	2016	Policy Recommendation Paper in Project files by FMM project team	P	0.00	4.00		4.00		P		50,000.00		50,000.00	Regional Integration	
						P(a)				0.00		P(a)				0.00		
						A					A							
3 I. Diagnostic study with training and surveys carried out						Physical Progress				Financial Progress								
Outputs	Fund Indicator	Unit of Measure	Baseline	Baseline Year	Means of Verification		2017	2018	2019	EOP		2017	2018	2019	EOP	Theme	Flags	
3.1 Pilot project implemented	Other(KPC)	Pilot project report	0	2016	Pilot project paper report in Project files by local consultant with support of country office	P	0.00	1.00		1.00		P	300,000.00			300,000.00	Regional Integration	
						P(a)				0.00		P(a)				0.00		
						A					A							
4 IV. Dissemination event held						Physical Progress				Financial Progress								
Outputs	Fund Indicator	Unit of Measure	Baseline	Baseline Year	Means of Verification		2017	2018	2019	EOP		2017	2018	2019	EOP	Theme	Flags	
4.1 Policy dialogue events organized	Other(KPC) *	Events (#)	0	2016	Seminar Report in Project files by FMM consultant	P	0.00	2.00		2.00		P			80,000.00	80,000.00	Regional Integration	
						P(a)				0.00		P(a)				0.00		
						A					A							

Other Cost
Contingencias

	2017	2018	2019	Cost
P		\$20,000.00		\$20,000.00
P(a)				\$0.00
A				

Total Cost

	2017	2018	2019	Total Cost
P	\$300,000.00	\$320,000.00	\$130,000.00	\$750,000.00
P(a)				
A				

 CRF Indicator

 Standard Output Indicator

Regional

Modernization of IFMIS in LAC from the Korean Experience (RG-T2916)

Design of assessment framework coupled with survey and production of reports on survey results and policy recommendation for participating countries' IFMIS

TERMS OF REFERENCE

Background

In the context of LAC, the adoption of IFMIS has led to effective management of public funds in some countries including Argentina, Bolivia, Brazil, Chile, Guatemala, and Paraguay¹, especially as fiscal resources become ever so scarce while there is a mounting pressure on public finance to cover the increased demands for more public investment and social welfare expenditures. The currently predominant IFMIS model in the LAC region comprises four main areas: budget, treasury, accounting, and public debt. In addition, IFMIS interacts with other public resource management systems, such as public investments, human resources, payroll, procurement, tax administration, project management, and public goods administration. Moreover, most of countries have built a single central database system with broad coverage, which is centrally administered under the centralized guidance of the Ministry of Finance, but with decentralized operations between public entities and their spending units.

However, the implementation of IFMIS has proven very demanding, especially for low- and middle-income countries, and success has been patchy. The arrangements IFMIS require are wide-ranging, as implementing and maintaining IFMIS involve the Ministry of Finance and all line ministries. In addition, IT projects require substantial investments in equipment, training and infrastructure. Public accounting consolidation at other levels of government and public enterprises, provision of sufficient information for decision-making and public expenditure efficiency, and lack of institutional capacity are a couple of challenges facing LAC region.

Specifically, the level of integration between the IFMIS and the administrative systems is still low. The IFMIS in Bolivia and Brazil are the most integrated in the region. In other countries, the IFMIS are most frequently integrated with only the procurement or payroll systems. In terms of technology, IFMIS in Argentina and Brazil as the most advanced in the LAC region, followed by those of Bolivia, Chile, Guatemala, Honduras, and Paraguay, which have reached intermediate levels. Following two decades of operation, several countries such as Argentina, Brazil, Chile, the Dominican Republic, Nicaragua, Panama, and Peru have engaged in updating their IFMIS.

Korea's IFMIS—named Digital Budgeting and Accounting System (DBAS) and also commonly referred to as dBrain—is widely recognized as one of the most sophisticated and successful systems by standards of international organizations like the World Bank and UN². Advantages of Korea's IFMIS are multiple, but the foremost is that it was designed to facilitate modifications in response to changing budgeting needs and revisions to the budget system. This is because the core design of the system was specified by the government, rather than strongly influenced by system vendors. This has allowed the system to undergo continual upgrades since its first development. For instance, a performance management module was added with relative ease after the initial version was unveiled. The Korean case

¹ See "Management Information Systems Oriented Toward a Modern Public Management " (2012, Pedro Farias and Carlos Pimenta 2012)

² See Park, Ra and Heo (2014), "Management Evaluation System for Public Institutions in Korea".

serves as a good example from which other governments will find reference points in efforts to modernize their IFMIS. Especially, the compartmentalized design of IFMIS in Korea is a feature that facilitates adaptation to environments other than Korea. Governments seeking to adopt the Korean model can specify particular subsets of IFMIS modules that fit their needs and budget systems, and a fully functioning new adaptation can be assembled quickly and effectively.

Against this backdrop, this TC is to support the governments in LAC to assess efficiency in the management of their IFMIS and to propose the policy recommendation for carrying-out improvements in this arena. This will be achieved through the design and implementation of frameworks to assess the qualities and challenges of IFMIS in the following areas: Institutional Framework, Technological Architectures, and Human Resources Requirement and Capacity; And then, a week-long training program for public servants in charge of IFMIS in LAC will be provided with the purpose of learning good practices and lessons from Korea as well as allowing the interaction between experts and representatives from Korea and LAC. The TC will also include conducting a pilot project for one country that hopes to benchmark the Korean system and to modernize its IFMIS.

Objectives of the Consultancy

Assist in the design of an analytical framework and the surveys that will assess the current state of participating countries' IFMIS in the areas described above.

Collect, sort, tabulate and chart data from the aforementioned surveys.

Produce the English and Spanish versions of reports on survey results and policy recommendations for modernizing participating countries' IFMIS.

Assist in the preparation of training program on Korean dBrain system for government officials from LAC and IDB staff and dissemination events of project results.

Main activities

The selected candidate will:

Assist in the design of an analytical framework and the surveys that will assess the current state of participating countries' IFMIS in the areas described above.

- a) Formulate analytical framework coupled with surveys by benchmarking several internationally standardized assessment tools;
- b) Apply and revise survey instruments in collaboration with a list of partners and technical focal points in each of the participating countries;

Collect, sort, tabulate and chart data from the aforementioned surveys.

- a) Conduct instructional workshops for survey respondents (government officials of selected targeted countries) and IDB country/field staff;
- b) Collect preliminary data responses from government officials;
- c) Specify the guidelines for implementing the quality control of preliminary responses;

- d) Produce final figures/tables for publication and fact sheets.

Produce reports on survey results and policy recommendations for modernizing IFMIS of participating countries.

- a) Professionally support in preparing the report on modernizing IFMIS of participating countries based on survey results.
- b) Prepare the technical workshop for survey results and pilot projects.

Assist in the preparation of training program on Korean dBrain system for government officials from LAC and IDB staff and knowledge sharing events of survey results.

- a) Prepare logistics and event preparation details of training program on Korean dBrain system and dissemination events of survey results.
- b) Liaise as a focal point between LAC and Korean officials.

Reports / Deliverables

Product 1: Assessment framework to assess the current state of participating countries' IFMIS;

Product 2: Letters of invitation to participating countries;

Product 3: Excel Databases, tables and figures for IFMIS assessment areas and Country Fact Sheets for selected countries;

Product 4: The technical workshop for survey results; and

Product 5: Report on modernizing IFMIS of participating countries.

Qualifications

- Academic Degree: Master degree in International Affairs or/and Economics or Public Administration.
- Languages: English & Spanish.
- Professional experience: The consultant should have a minimum of 3-year experience in related research and production of policy papers in multilateral work.

Characteristics of the Consultancy

- Consultancy category and modality: International Individual Consultancy
- Contract duration: 18 months
- Place(s) of work: The consultancy will be done by an individual consultant and the activities described above should be done in the Head Quarters in Washington, DC, with availability to travel to the countries involved in the initiative.

- **Division Leader or Coordinator:** The consultancy will be managed by the Fiscal and Municipal Management Division (IFD/FMM), under the coordination of Hyungon Kim, IFD/FMM Lead Specialist.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuels, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply.

Regional

Modernization of IFMIS in LAC from the Korean Experience (RG-T2916)

Conduction of surveys and data collection on the current state of participating countries' IFMIS in LAC

TERMS OF REFERENCE

Background

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However, the implementation of IFMIS has proven very demanding, especially for low- and middle-income countries, and success has been patchy. The arrangements IFMIS require are wide-ranging, as implementing and maintaining IFMIS involve the Ministry of Finance and all line ministries. In addition, IT projects require substantial investments in equipment, training and infrastructure. Public accounting consolidation at other levels of government and public enterprises, provision of sufficient information for decision-making and public expenditure efficiency, and lack of institutional capacity are a couple of challenges facing LAC region.

Specifically, the level of integration between the IFMIS and the administrative systems is still low. The IFMIS in Bolivia and Brazil are the most integrated in the region. In other countries, the IFMIS are most frequently integrated with only the procurement or payroll systems. In terms of technology, IFMIS in Argentina and Brazil as the most advanced in the LAC region, followed by those of Bolivia, Chile, Guatemala, Honduras, and Paraguay, which have reached intermediate levels. Following two decades of operation, several countries such as Argentina, Brazil, Chile, the Dominican Republic, Nicaragua, Panama, and Peru have engaged in updating their IFMIS.

Korea's IFMIS—named Digital Budgeting and Accounting System (DBAS) and also commonly referred to as dBrain—is widely recognized as one of the most sophisticated and successful systems by standards of international organizations like the World Bank and UN². Advantages of Korea's IFMIS are multiple, but the foremost is that it was designed to facilitate modifications in response to changing budgeting needs and revisions to the budget system. This is because the core design of the system was specified by the government, rather than strongly influenced by system vendors. This has allowed the system to undergo continual upgrades since its first development. For instance, a performance management module was added with relative ease after the initial version was unveiled. The Korean case

¹ See "Management Information Systems Oriented Toward a Modern Public Management " (2012, Pedro Farias and Carlos Pimenta 2012)

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serves as a good example from which other governments will find reference points in efforts to modernize their IFMIS. Especially, the compartmentalized design of IFMIS in Korea is a feature that facilitates adaptation to environments other than Korea. Governments seeking to adopt the Korean model can specify particular subsets of IFMIS modules that fit their needs and budget systems, and a fully functioning new adaptation can be assembled quickly and effectively.

Against this backdrop, this TC is to support the governments in LAC to assess efficiency in the management of their IFMIS and to propose the policy recommendation for carrying-out improvements in this arena. This will be achieved through the design and implementation of frameworks to assess the qualities and challenges of IFMIS in the following areas: Institutional Framework, Technological Architectures, and Human Resources Requirement and Capacity; And then, a week-long training program for public servants in charge of IFMIS in LAC will be provided with the purpose of learning good practices and lessons from Korea as well as allowing the interaction between experts and representatives from Korea and LAC. The TC will also include conducting a pilot project for one country that hopes to benchmark the Korean system and to modernize its IFMIS.

Objectives of the Consultancy

Apply an analytical framework coupled with surveys to each participating country's IFMIS assessment.

Collect, sort, tabulate, and chart data from the aforementioned surveys.

Main activities

The selected candidate will:

Apply an analytical framework coupled with surveys to public servants in participating countries.

- a) Conduct surveys in collaboration with survey respondents (government officials of selected countries).

Collect, sort, tabulate, and chart data from the aforementioned surveys.

- b) Collect preliminary data responses from government officials;
- c) Produce final figures/tables for publication and fact sheets.

Reports / Deliverables

Product 1: An electronic repository containing names and contact counterparts and technical points of each of the surveys for the participating countries;

Product 2: Excel databases, tables and figures for assessment indicators and Country Fact Sheets for each participating country.

Qualifications

- Academic Degree: Master degree in Public Administration or/and Economics or Public Finance.
- Languages: English & Spanish.

- Professional experience: The consultant should have a minimum of 2-year experience in related research and production of policy papers in multilateral work.

Characteristics of the Consultancy

- Consultancy category and modality: International Individual Consultancy
- Contract duration: The consultancy will take place for a period of 3 months.
- Place(s) of work: The consultancy will be done by an individual consultant and the activities described will be done at residence of the consultant with ability to travel.
- Division Leader or Coordinator: The consultancy will be managed by the Fiscal and Municipal Management Division (IFD/FMM), under the coordination of Hyungon Kim, IFD/FMM Lead Specialist.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply.

Regional

Modernization of IFMIS in LAC from the Korean Experience (RG-T2916)

Support for the pilot project on in-depth examination and modernization of targeted country's IFMIS

TERMS OF REFERENCE

Background

In the context of LAC, the adoption of IFMIS has led to effective management of public funds in some countries including Argentina, Bolivia, Brazil, Chile, Guatemala, and Paraguay¹, especially as fiscal resources become ever so scarce while there is a mounting pressure on public finance to cover the increased demands for more public investment and social welfare expenditures. The currently predominant IFMIS model in the LAC region comprises four main areas: budget, treasury, accounting, and public debt. In addition, IFMIS interacts with other public resource management systems, such as public investments, human resources, payroll, procurement, tax administration, project management, and public goods administration. Moreover, most of countries have built a single central database system with broad coverage, which is centrally administered under the centralized guidance of the Ministry of Finance, but with decentralized operations between public entities and their spending units.

However, the implementation of IFMIS has proven very demanding, especially for low- and middle-income countries, and success has been patchy. The arrangements IFMIS require are wide-ranging, as implementing and maintaining IFMIS involve the Ministry of Finance and all line ministries. In addition, IT projects require substantial investments in equipment, training and infrastructure. Public accounting consolidation at other levels of government and public enterprises, provision of sufficient information for decision-making and public expenditure efficiency, and lack of institutional capacity are a couple of challenges facing LAC region.

Specifically, the level of integration between the IFMIS and the administrative systems is still low. The IFMIS in Bolivia and Brazil are the most integrated in the region. In other countries, the IFMIS are most frequently integrated with only the procurement or payroll systems. In terms of technology, IFMIS in Argentina and Brazil as the most advanced in the LAC region, followed by those of Bolivia, Chile, Guatemala, Honduras, and Paraguay, which have reached intermediate levels. Following two decades of operation, several countries such as Argentina, Brazil, Chile, the Dominican Republic, Nicaragua, Panama, and Peru have engaged in updating their IFMIS.

Korea's IFMIS—named Digital Budgeting and Accounting System (DBAS) and also commonly referred to as dBrain—is widely recognized as one of the most sophisticated and successful systems by standards of international organizations like the World Bank and UN². Advantages of Korea's IFMIS are multiple, but the foremost is that it was designed to facilitate modifications in response to changing budgeting needs and revisions to the budget system. This is because the core design of the system was specified by the government, rather than strongly influenced by system vendors. This has allowed the system to undergo continual upgrades since its first development. For instance, a performance management

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module was added with relative ease after the initial version was unveiled. The Korean case serves as a good example from which other governments will find reference points in efforts to modernize their IFMIS. Especially, the compartmentalized design of IFMIS in Korea is a feature that facilitates adaptation to environments other than Korea. Governments seeking to adopt the Korean model can specify particular subsets of IFMIS modules that fit their needs and budget systems, and a fully functioning new adaptation can be assembled quickly and effectively.

Against this backdrop, this TC is to support the governments in LAC to assess efficiency in the management of their IFMIS and to propose the policy recommendation for carrying-out improvements in this arena. This will be achieved through the design and implementation of frameworks to assess the qualities and challenges of IFMIS in the following areas: Institutional Framework, Technological Architectures, and Human Resources Requirement and Capacity; And then, a week-long training program for public servants in charge of IFMIS in LAC will be provided with the purpose of learning good practices and lessons from Korea as well as allowing the interaction between experts and representatives from Korea and LAC. The TC will also include conducting a pilot project for one country that hopes to benchmark the Korean system and to modernize its IFMIS.

Objectives of the Consultancy

Conduct interviews for public servants and collect, sort, tabulate, and chart data of analytical framework for pilot projects in targeted country's IFMIS.

Make in-depth analysis of targeted country's IFMIS and suggest the implementation plan to modernize its IFMIS.

Main activities

The selected candidate will:

Prepare the pilot project and conduct interviews for public servants and collect, sort, tabulate, and chart data for pilot projects in targeted country's IFMIS.

- a) Assist in the design of the pilot project that will make in-depth examination of targeted countries' IFMIS.
- b) Conduct interviews for better understanding of in targeted country's IFMIS and collect more data in collaboration with government officials and IDB country/field staff.

Make in-depth analysis of targeted country's IFMIS and suggest the implementation plan to modernize its IFMIS.

- c) Produce final databases, tables and figures for modernization of targeted country's IFMIS and suggest the implementation plan to modernize its IFMIS.

Reports / Deliverables

Product 1: Interview data for public servants of targeted country;

Product 2: Excel databases, tables and figures for modernization of targeted country's IFMIS;

Product 3: Paper of implementation plan to modernize targeted country's IFMIS.

Qualifications

- Academic Degree: Master degree in Public Administration or/and Economics or Public Finance.
- Languages: English & Spanish
- Professional experience: The consultant should have a minimum of 5-year experience in related research and production of policy papers in multilateral work.

Characteristics of the Consultancy

- Consultancy category and modality: International Individual Consultancy
- Contract duration: The consultancy will take place for a period of 6 months.
- Place(s) of work: External consultancy
- Division Leader or Coordinator: The consultancy will be managed by the Fiscal and Municipal Management Division (IFD/FMM), under the coordination of Hyungon Kim, IFD/FMM Lead Specialist.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

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Regional

Modernization of IFMIS in LAC from the Korean Experience (RG-T2916)

Editing and translation of the paper or publication

TERMS OF REFERENCE

Background

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Objectives of the Consultancy

The objective of the consultancy is to edit and translate the publication, including any and all supporting documents such as Surveys (6), Preface, Executive Summary, Reader's Guide, Introduction, Annexes and Glossary.

Main activities

The selected candidate will:

1. **Edit.** Provide professional editing of the Surveys (6) in English and Spanish, Preface, Executive Summary, Reader's Guide, Introduction, Annexes, Glossary, Policy Chapter and two-pagers.
2. **Translate.** Provide professional translating in Spanish of the Surveys (6), Preface, Executive Summary, Reader's Guide, Introduction, Annexes, Glossary, Policy Chapter and two-pagers.
3. **Quality control and proof reading.** Proofread and provide quality control for the Surveys (6), Preface, Executive Summary, Reader's Guide, Introduction, Annexes, Glossary, Policy Chapter and two-pagers.

Reports / Deliverables

Product 1: Edited and translated survey results on assessment areas of participating countries' IFMIS.

Product 2: Edited and translated version of policy recommendation of participating countries' IFMIS.

Product 3: An edited and translated version of one or two IFMIS modernization plan.

Qualifications

- Academic Degree / Level & Years of Professional Work Experience: Five or more years as a Spanish-English editor and translator.
- Languages: English and Spanish
- Areas of Expertise: Basic knowledge of PFM and IFMIS in Latin America and the Caribbean.
- Skills: Editing and translating

Characteristics of the Consultancy

- Consultancy category and modality: Products and External Services Contractual, Lump Sum
- Contract duration: The consultancy will take place for a period of 3 months.
- Place(s) of work: External consultancy
- Division Leader or Coordinator: The consultancy will be managed by the Fiscal and Municipal Management Division (IFD/FMM), under the coordination of Hyungon Kim, IFD/FMM Lead Specialist.

Payment Schedule:

Lump sum fee for professional services including direct and indirect costs.

Payment schedule:

- i. 25% upon completion of the Surveys
- ii. 25% upon completion of the Preface, Executive Summary, Reader's Guide, Introduction, Annexes and Glossary
- iii. 50% upon completion of the Policy Chapter and two-pagers.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

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Inter-American Development Bank
IFD/FMM

PROCUREMENT PLAN FOR NON-REIMBURSABLE TECHNICAL COOPERATIONS										
Country: Regional						Executing agency: IDB		Public or private sector: N/A		
Project number: RG-T2916						Title of Project: Modernization of IFMIS in LAC from the Korean experience				
Period covered by the plan: 2016 – 2018										
Threshold for ex-post review of procurements:				Goods and services (in US\$):			Consulting services(in US\$)			Contingency (in US\$): 20,000
Item Nº	Ref. AWP	Description (1)	Estimated contract cost (US\$)	Procurement Method (2)	Review of procurement (3)	Source of financing and percentage		Estimated date of the procurement notice or start of the contract	Technical review by the PTL (4)	Comments
						IDB/MIF %	Local/ other %			
1		Component 1 - Diagnosis study and technical on Korea system	300,000							
		Individual consultants	300,000							
		Design of the assessment framework on the current status of IFMIS	20,000	IICQ	ex post	100%	0%	Jun-17	ex ante	
		Training program on Korean dBrain system	170,000	IICQ	ex post	100%	0%	Sep-17		
		Application of the Framework through Surveys	110,000	IICQ	ex post	100%	0%	Oct-17	ex ante	5 local consultants: 1 in each country
2		Component 2 - Policy recommendations for modernizing IFMIS	50,000							
		Individual consultants	50,000							
		Policy recommendations report	30,000	IICQ	ex post	100%	0%	Apr-18	ex ante	
		Translation and knowledge sharing program	20,000	SSS	ex post	100%	0%	Apr-18	ex ante	
3		Component 3 - Pilot Project Implementation	300,000							
		Individual consultants	300,000							
		Design and implementation of pilot project	30,000	IICQ	ex post	100%	0%	Jul-18		
		Consulting services in data collection and in-depth interviews	120,000	IICQ	ex post	100%	0%	Sep-18		4 local consultants
		Consulting services in production of IFMIS system modernization Plan	50,000	IICQ	ex post	100%	0%	Feb-19		
		Travel for pilot projects	100,000	IICQ	ex post	100%	0%	Oct-18	ex ante	
4		Component 4 - Dissemination of Project Results	80,000							
		Individual consultants	80,000							
		Project results dissemination workshop	68,000	IICQ	ex post	100%	0%	May-19	ex ante	
		Publications and translation	12,000	SSS	ex post	100%	0%	Aug-19	ex ante	
Total			730,000	Prepared by:			Date:			
(1) Grouping together of similar procurement is recommended, such as computer hardware, publications, travel, etc. If there are a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average individual amount and the period during which the contract would be executed. For example: an export promotion project that includes travel to participate in fairs would have an item called "airfare for fairs", an estimated total value od US\$5,000, and an explanation in the Comments column: "This is for approximately four different airfares to participate in fairs in the region in years X and X1".										
(2) Goods and works: CB: Competitive bidding; PC: Price comparison; DC: Direct contracting.										
(2) Consulting firms: CQS: Selection Based on the Consultants' Qualifications; QCBS: Quality and cost-based selection; LCS: Least Cost Selection; FBS: Selection nder a Fixed Budget; SSS: Single Source Selection; QBS: Quality Based selection.										
(2) Individual consultants: IICQ: International Individual Consultant Selection Based on Qualifications; SSS: Single Source Selection.										
(2) Country system: include selection Method										
(3) Ex-ante/ex-post review: In general, depending on the institutional capacity and level of risk associated with the procurement, ex-post review is the standard modality. Ex-ante review can be specified for critical or complex process.										
(4) Technical review: The PTL will use this column to define those procurement he/she considers "critical"or "complex"that require ex ante review of the terms of reference, technical specifications, reports, outputs, or other items.										

**MODERNIZATION OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (IFMIS) IN LATIN AMERICA
AND THE CARIBBEAN (LAC) FROM THE KOREAN EXPERIENCE**

RG-T2916

CERTIFICATION

I hereby certify that this operation was approved for financing under the **Public Capacity Building Korean Fund for Economic Development (KPC)** through a communication dated December 14, 2016 and signed by Chang Yeon You (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$750,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Original firmado

Sonia M. Rivera
Chief

Grants and Co-Financing Management Unit
ORP/GCM

04/19/2017

Date

Approved:

Original firmado

Vicente Fretes Cibils
Division Chief

Fiscal and Municipal Management Division
IFD/FMM

04/20/2017

Date