PEMPAL Treasury COP Plenary Meeting

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Support and Expansion of the Albanian Treasury System (SETS): Sharing experiences and lessons learned

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SETS Objectives

— Further strengthening of the Treasury functions and operations to support Albania's PFM reform

* Upgrade the existing automated system and procedures for accounting, reporting, control and monitoring

* Provide on-line access to budget institutions to enable real-time information on their financial position and transactions

* Support greater autonomy and accountability of line ministries in managing their budgets

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SERS Objectives (continued)

- Support capacity development through training and technical assistance

* Organize training for the staff of the MoF, line ministries and other agencies using FMIS

* Hire experts and design TOR for international and local bidding processes

- Pave the way to further FMIS / PFM reforms going forward

E.g.: E-involcing • Program budgeting • Accrual accounting

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SETS: Institutional setting

- Launched in April 2011
- Implementation: Austrian Development Agency (ADA) +

   MoF

- Budget (from April 2011 to October 2015): EUR 1.5 million

Contributions: EU IPA, ADA, MoF of Albania

- SETS Steering Committee

Participation: MoF •   EU Delegation to Albania • ADA • Prime Minister's Office •   Ministry for Integration • Other stakeholders (Tax and Customs Administration, WB, IMF etc.)

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SETS: Five important lessons learned
Summary

- Coordinate with all relevant actors in public administration to allow for consistency of FMIS solutions
- Provide for adequate technical IT capacity to assure continuous and smooth operation of both hardware and software
- Ensure adequate human resources capacity in order to benefit fully from the available FMIS solutions
- Develop awarness of the benefits and uses of the automated and integrated FMIS
- Communicate the implications of the reform to other stakeholders in order to generate support

SETS Lessons learned
1. Coordinate to assure consistency of FMIS solutions

Why?
- To make sure that the FMIS solutions are linked to broader public administration and public finance reforms (PFM Strategy)
- FMIS reforms objectives and solutions are complex and not easy to understand
- Budget institutions (e.g., line ministries, local governments) need to be convinced about the benefits of the FMIS solutions

Challenges
- Creating common understanding and proper sequencing of actions among various actors
- Reducing duplications and making sure the solutions already in place can be used by various institutions
- Avoiding biased decision-making in exploring FMIS solutions

SETS Lessons learned
2. Provide for adequate technical IT capacity to
assure continuous and smooth operation

Why?
- IT capacity requires constant upgrading and modernization
- Automation, supported by proper IT capacity, increases transparency and control of financial information
- To enable parallel operation of all components and minimize the risk that some need to be operated separately (manually)

Challenges
- Preparing reliable cost/time estimates
- Slow operating procurement process, especially for hardware
- Technological advancements may afect the design in course of the project implementation (e.g., client-server model vs. web portal solution)

SETS Lessons learned
3. Ensure adequate HR capacity in order to benefit
fully from the available FMIS solutions

Why?
- Automation alone is not sufficient; it requires trained staff to plan, implement and monitor the budget formulation and execution
- Key Treasury / IT / Line ministries / Budget staff, including senior officials, need to understand PFM concepts to be able to enter financial information, extract and analyze relevant data, generate and use reports
- Open source (as opposed e.g. to customized COST) solutions can lower the costs but require adequate in-house capacity

Challenges
- Lengthy proceures for hiring new staff
- Making sure that the key officials have sufficient time and opportunities for training and dealing with new technology advancements
- Reducing dependency on outside experts and COST solutions

SETS Lessons learned
4. Develop awarness of the benefits and uses of the automated and integrated FMIS

Why?
- Enable smooth communication and interoperability (e.g., managing government payroll, revenue administration, external assistance flows, etc.)
- Generate new ideas for improvements of the FMIS and decision-making processes
- Reduce resistance to change through training, seminars, etc.

Challenges
- Changing pace of implementation in some components can affect that of the others
- Diversity of goals and targets among various components
- Managing constant evolution and expansion of the FMIS on one side, and contiuous changes in PFM regulatory framework, on the other

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SETS Lessons learned
5. Communicate the implications of the reform to other stakeholders in order to generate support

Why?
- Provide for consistency of and agreement on further steps (e.g., Steering Committee)
- Secure additional and continuous funding for further modernization
- Evaluate the impact of the FMIS project through a set of indicators (e.g., frequency, efficiency, accuracy of reporting; PEFA), user satisfaction survey; external evaluations, etc.

Challenges
- Uncertainty with donor funding affects predictability and can lead to unwanted delays in project performance
- The relevance of indicators may change, and adding additional ones might be needed
- Impact of FMIS projects cannot be disentangeled from the impact of parallel reforms

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