

# 13<sup>TH</sup> UNCTAD Debt Management Conference

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## Integrating Debt Management within IFMIS (Integrated Financial Management Systems)

by

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*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*



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  - Public Debt Management Systems (PDMS)
  - PDMS and IFMIS integration
- Latest events and developments
- Country examples
- Lessons learned and best practices



# IFMIS (Integrated Financial Management Systems)



# Impacts of the PFM reform

- Assumption of the Public Debt Management by Central Governments.
- The creation of a body at the same level as the Treasury, Budget and Accounting offices.
- Introduction of the Contingencies within the regulations and public indebtedness management scope.
- Harmonization and dissemination of a standard at subnational level in Federal countries.

# IFMIS Objectives

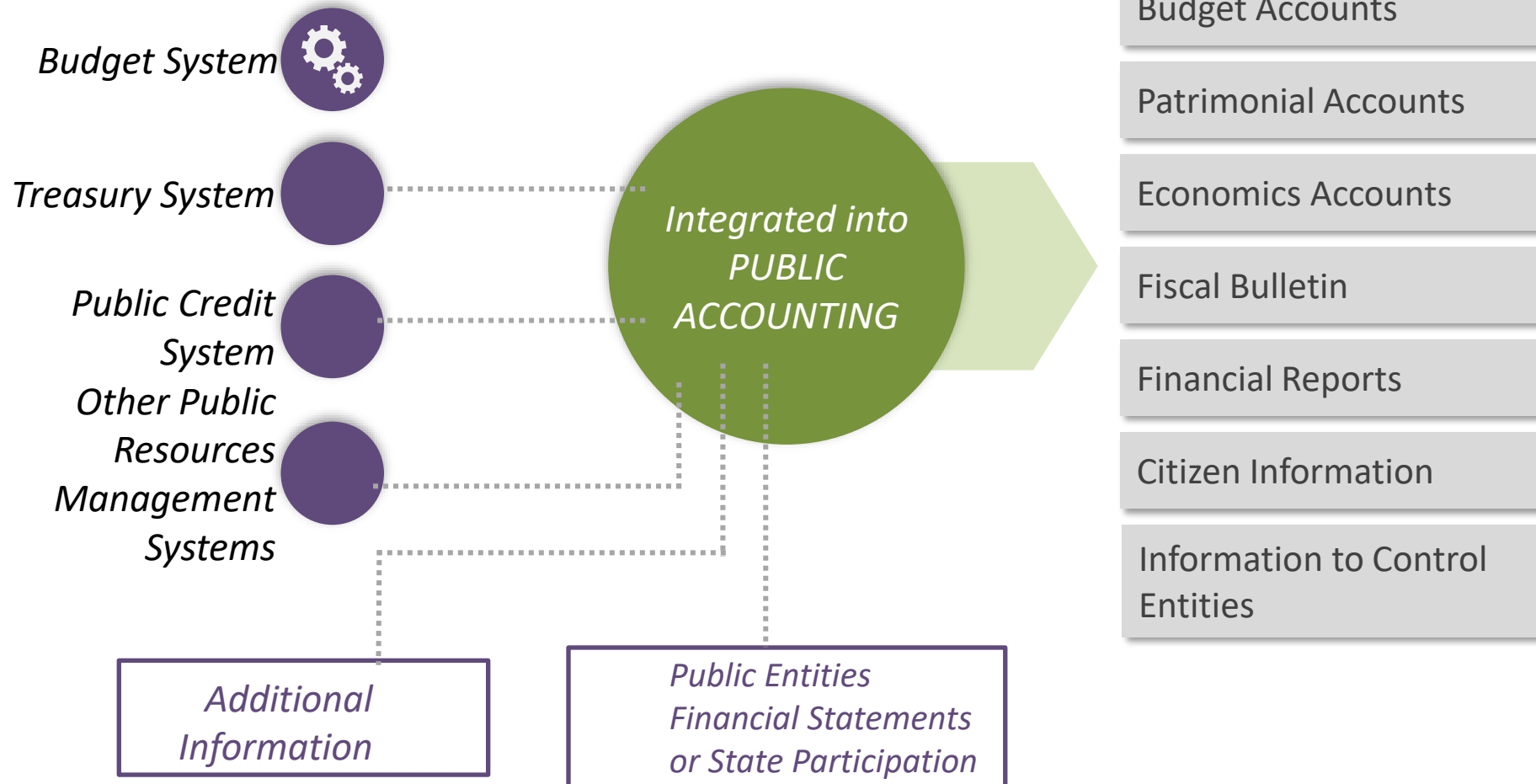
- Be an integral part of Government Technology (GOVTEC).
- Automatically interconnect with other resource management systems, such as public investment, project management applications, tax, customs, etc...
- Generate timely and reliable financial information for decision making, conducive to good and transparent fiscal management.
- Automatically produce general accounting processing records that have economic-financial impact on public property.
- Interrelate with the control systems, in order to enhance their effectiveness.
- Enable and promote the public finance management transparency and contribute to a better citizen service quality.

# IFMIS Scope and functionalities

- The scope and functionality of the IFMIS are not uniform, taking into account different institutional structures, such as in Brazil, Colombia and Peru that have been integrated in a single organizational for cash and debt management coordination improvement.
- At a technological level, most of the IFMIS are the result of a customized in house development.
- During the last decade, the utilization of web technology and the Government Technology concept has grown.
- In most cases the PDMS are kept as separate components with the necessary information exchange to achieve an integrated finance management system.

# IFMIS Components

## Public Finance Management System

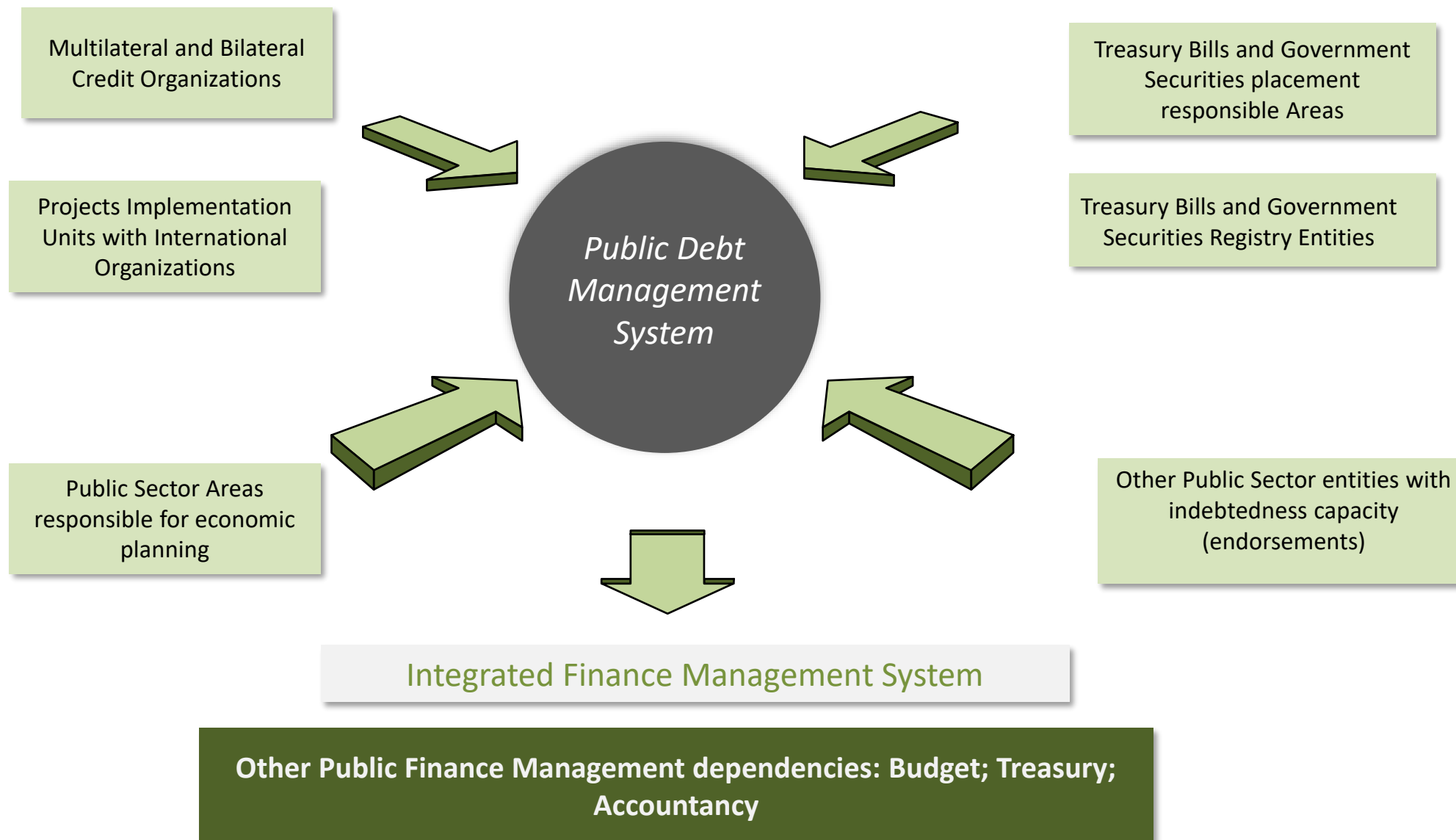




# PDMS (Public Debt Management Systems)



# PDMS Model – Main information users and suppliers



# PDMS – Distinctive aspects

**HORIZON:** While the IFMIS work on an annual horizon, the debt systems contemplate the short, medium and long term.

**CURRENCY:** The IFMIS transactions are reflected in national currency while the Debt Systems work in multi currencies.

**PROJECTIONS:** The Debt Management system has the capacity to calculate and project debt service obligations based on the contractual data and the received or projected operation disbursements, while the integrated system is basically a transactional system.



# PDMS and IFMIS integration



# Debt integrated with IFMIS

For the PDMS to be part of the IFMIS, it is necessary to construct a conceptual framework, with the following fundamental principles:

**Uniqueness:** implies the unique data and transactions recording that make up the system in an integrated and efficient way

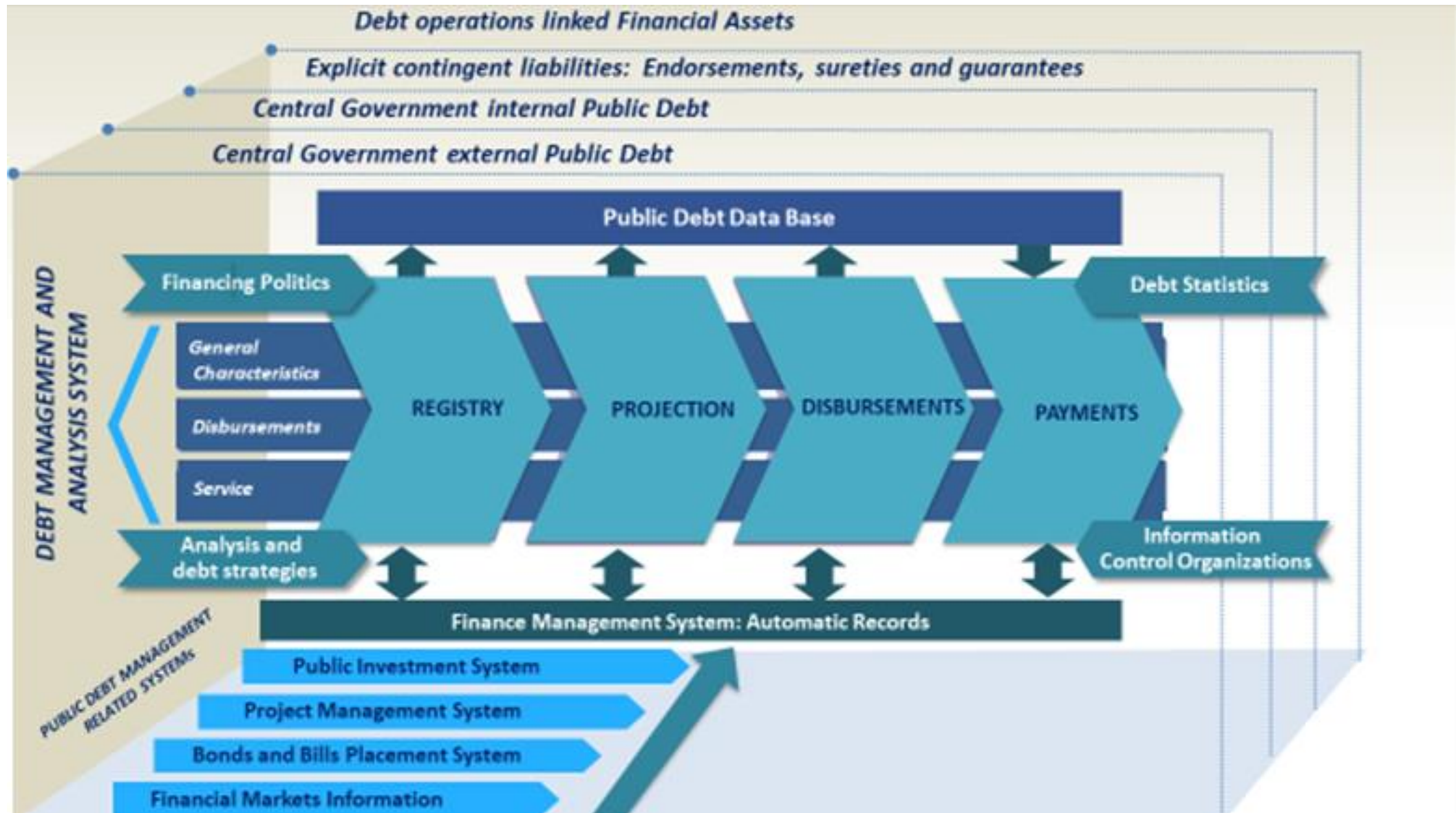
**Integrity:** the system include all Government's public debt operations

**Punctuality:** accomplishment in time all the Government's financial obligations

**Accuracy:** guaranteeing the processed information reliability, particularly those related with public debt services payments

**Coherence:** ensure the processed information consistency and linking with other related public resources Government administration areas

# Integrated Debt Management Systemic Vision



# Integration Information flows





# Latest events and developments





# Latest events and developments

The IT tools that we are analyzing need to be adapted to new situations and the latest international practices:

- New working practices after covid. (the concept of virtual desk)
- Advances on the technological tools, specifically web applications that enhance the users' experience.
- New development tools that enable rapid development of links and new systems modules.
- New International Public Sector Accounting Standards
- New Debt Auditing Guide - INTOSAI
- New debt management practices (non-traditional debt instruments, contingent liabilities, derivatives, PPP)

# Requirements at the Systems side

The following should be the principal requirements at an IFMIS-PDMS integration taking into consideration the mentioned latest events:

- Allow the concept of virtual desk
- At the same time enhance the security and auditing features
- Incorporate a fully compatible Web based user interface and modern reporting tools (BI and Data warehousing)
- Support calculation of accrual accounting and provide reports for auditors following in both cases international practices
- Allow the management of the new debt management instruments and of contingencies even those coming from Private Public Partnership (PPP)



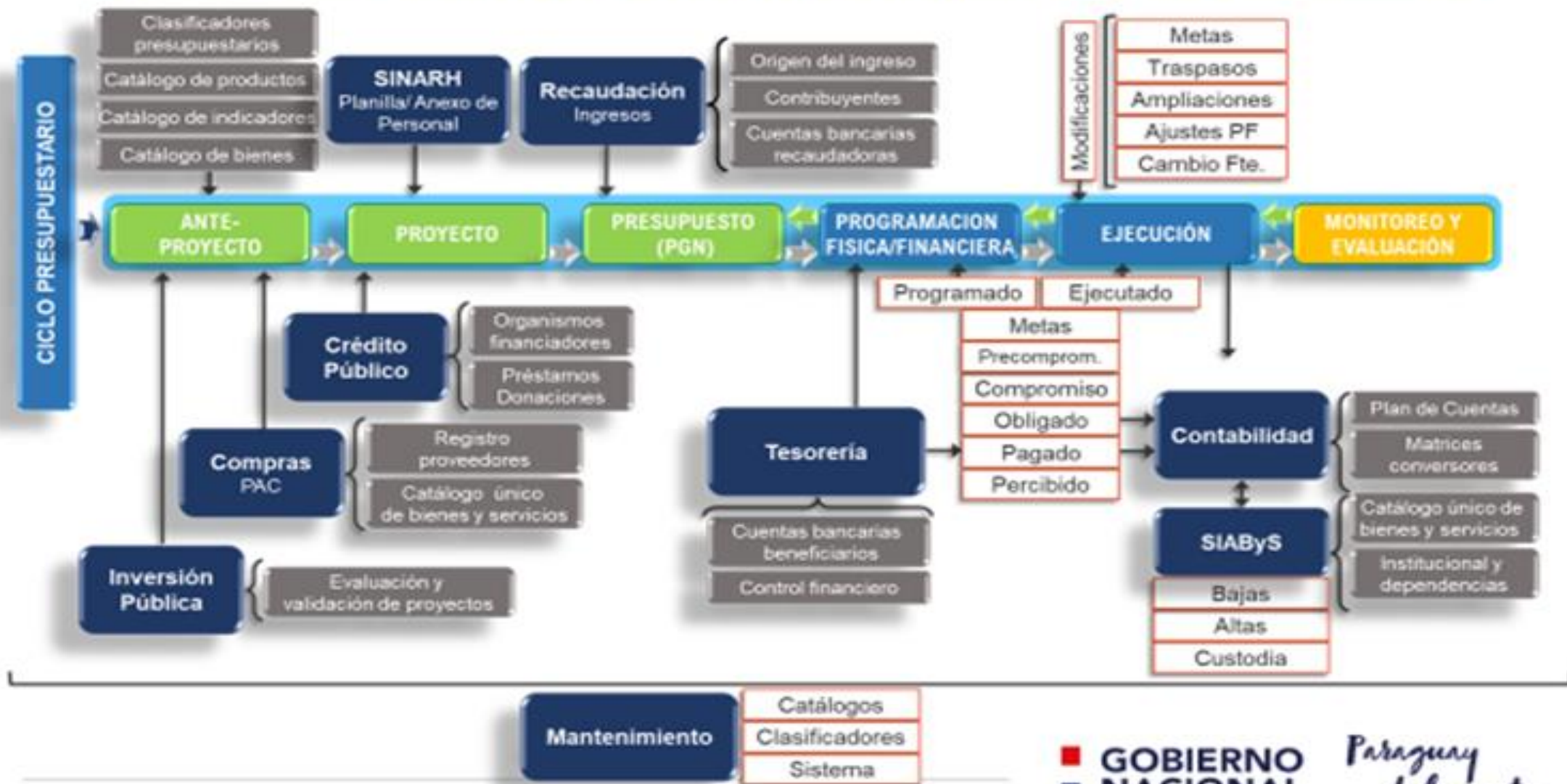
# Country Examples





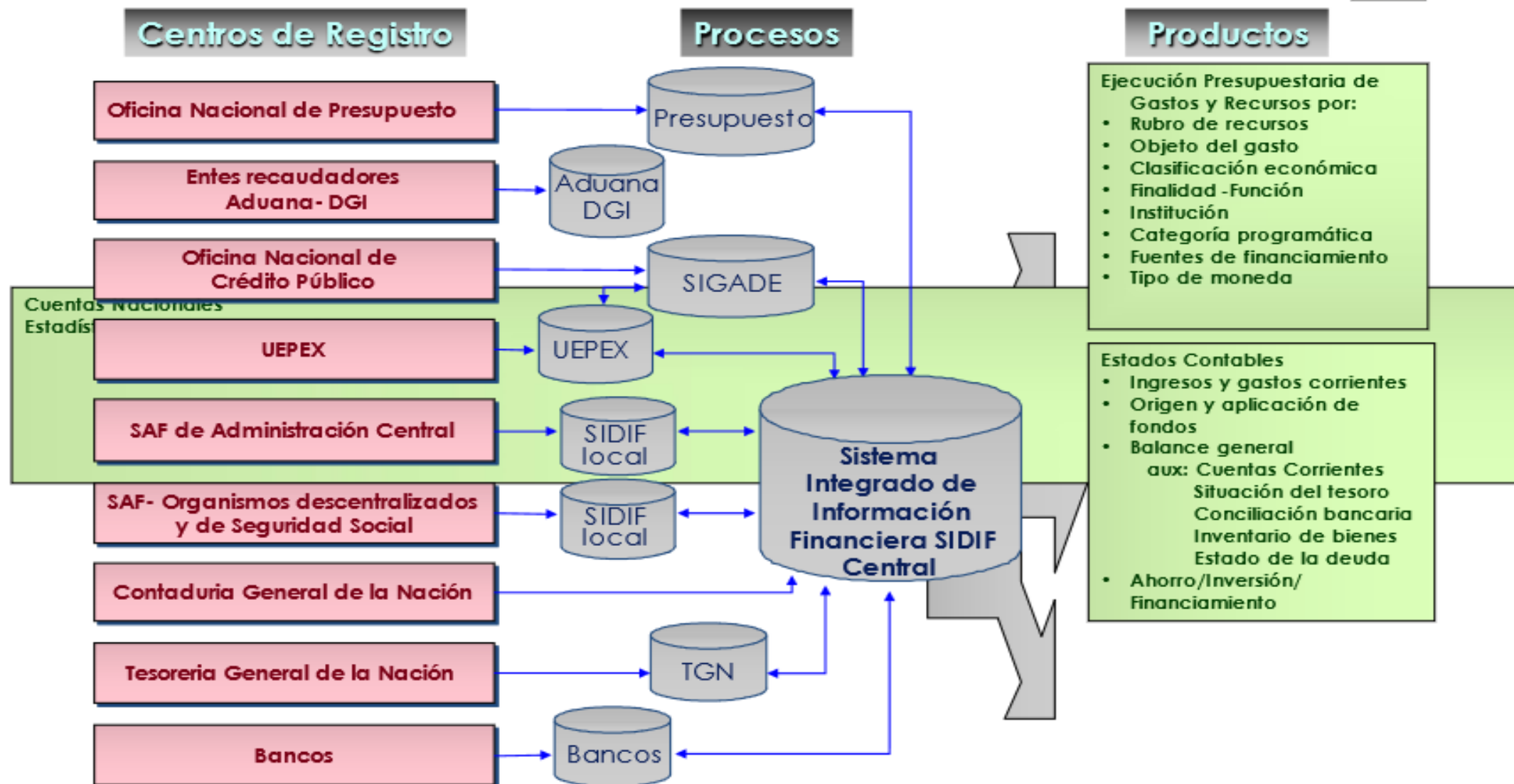
# Modelo Conceptual

## Articula sus módulos a través del presupuesto y los clasificadores

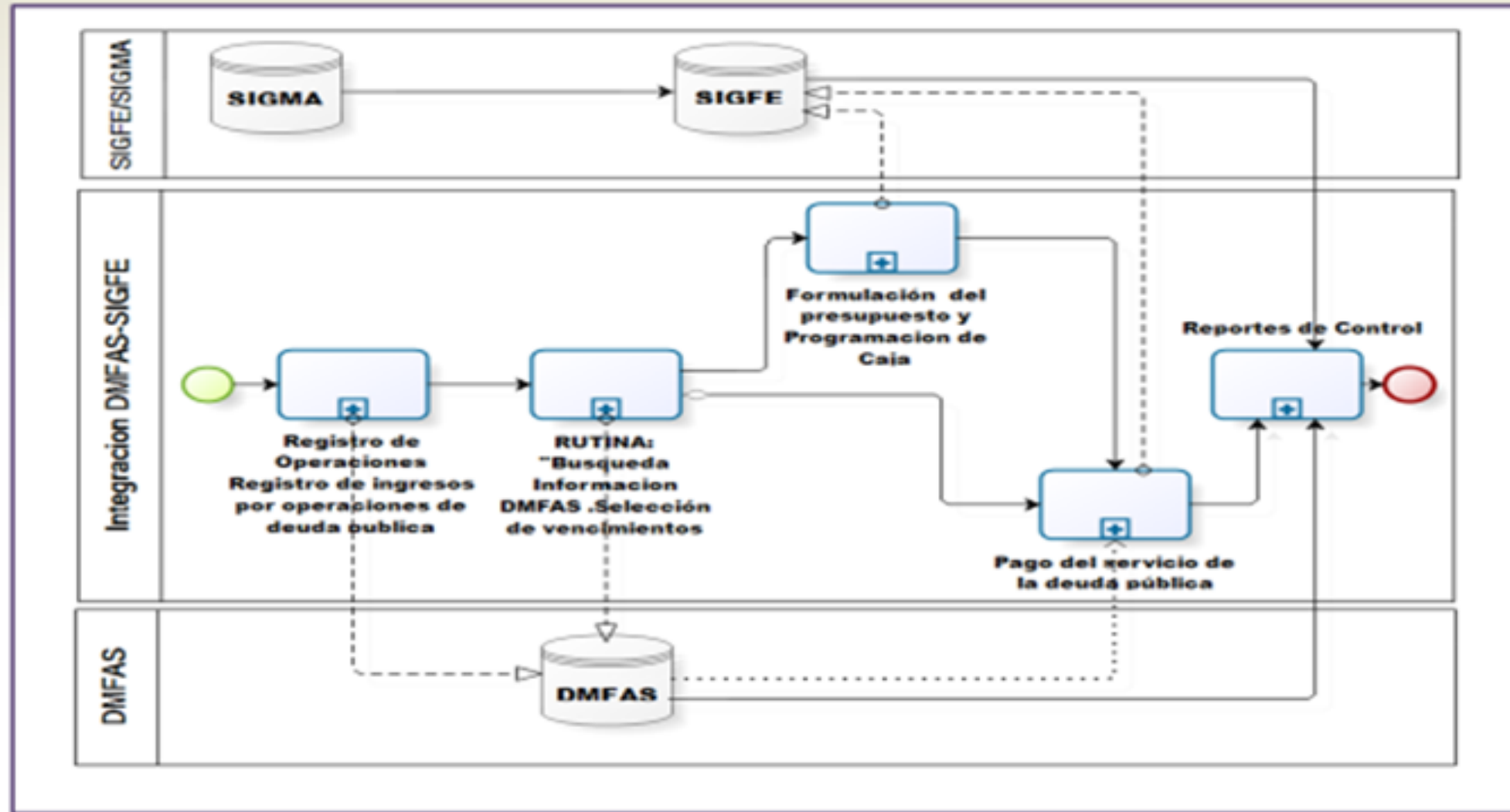


# SIDIF - Argentina

## Procesamiento lógico del SIDIF



# Integration SIGFE – DMFAS Angola





# Lessons learn and best practices



# Debt integrated with IFMIS

The PDMS with the IFMIS integration requires a set of conditions and strategic aspects that must be taken into account:

- Firm decision at political level and technical staff believe that process change will lead to improvement
- Project ownership clearly defined and implementation in phases
- Conceptual Model in accordance with best international practices, the organizational culture and the new working modalities
- Technological development strategy, QA & Maintenance definition
- Debt data base complete and periodically updated
- Human Resources role and competencies relevant for the structural changes success and the IFMIS implementation





**Thank you**

