

# Local governments in Peru come together for pioneering global pilot to improve public financial management



Six regional governments and five provincial municipalities in Peru are taking part in an ambitious global pilot to improve public financial management (PFM) for the benefit of their citizens.

Senior management and technical representatives from the 11 regions and municipalities – which have been receiving support from the Subnational PFM Programme funded by the Swiss SECO Cooperation and implemented by the Basel Institute's Peru team – came together for an international workshop in the Peruvian capital Lima from 29–31 May 2019.

The workshop focused on a new methodology developed by the PEFA Secretariat to strengthen the capacity of governments to respond to the needs and demands of the Peruvian people. Specialists from the PEFA Secretariat, the Subnational PFM Programme, the World Bank and the International Development Bank were present.

## **New PEFA methodology**

The methodology contains guidance on how to use PEFA assessments to support PFM reform initiatives – now widely recognised as a key element in ensuring greater efficiency in the use of resources to achieve the benefits that citizens demand.

The PEFA Secretariat has been working at a global level supporting national and subnational governments that seek to conduct high-quality evaluations under the PEFA methodology. Under this methodology, Peru carried out 12 evaluations between 2015 and 2018, including the central government, five regional governments (Piura, Lambayeque, La Libertad, San Martín, Cusco and Apurímac) and six provincial municipalities (Chiclayo, Trujillo, Tarapoto, Cusco and Abancay).

The regional and municipal PEFA evaluations were carried out with the support of the Subnational PFM Programme. You can find the PEFA assessments developed for subnational governments of Peru, along with other relevant publications by the Subnational PFM Programme, on their [website](#) (in Spanish).

### **Peru leading the way in PEFA assessments**

Peru's advances in the use of this methodology have been highlighted by the prestigious international institution. "*It is a world record*", said Jens Kromann Kristensen, head of the PEFA Secretariat in 2018, when the 11 evaluations were presented at the Universidad del Pacífico in Lima, together with representatives of the Peruvian Ministry of Economy, governors and mayors.

*"It is no coincidence that the first workshop to validate the methodology took place in Peru... The advances in the use of the methodology make us pay attention to Peru and to the capacity of the officials of its subnational governments,"* said Helena Ramos of the PEFA Secretariat during the workshop in May 2019.

The close relationship between the PEFA Secretariat and Peru has been consolidated thanks in part to the Secretariat's coordination with the Subnational PM Programme. The 11 PEFA evaluations carried out by the Programme were fully in compliance with the quality standards of the Secretariat ("PEFA Check"). In early 2019, in connection with PEFA's publication of [Volume IV: Using PEFA to Support PFM Reform](#), an agreement was reached with the Secretariat that these 11 subnational governments in Peru would have the opportunity to validate the novel methodology.

### **About the workshop**

The workshop was held with the support of the National Control School of Peru's Office of the Comptroller General, which provided the training facilities, the 11 subnational governments, which sent their representatives, and the support of the Subnational PFM Programme.

In the words of Limberg Chero, head of the sustainability component of the PFM Programme, who coordinated the event, "*the workshop has been another positive step in Peru's PFM agenda, which has been evolving since 2009 ... In the last five years, we have seen a notable increase in engagement from all levels of government, subnational*

*and central. The issues are the same. This tacit alignment of interests prepares Peru well for challenges such as joining the OECD or further driving its decentralisation process.”*