



Subnational PFM Programme - Phase 2

Improving Public Finance Management

The Subnational Public Finance Management Programme completed its first phase in 2019, after four years of implementation in six regional governments and five provincial municipalities across Peru. Since its inception, it has supported the Peruvian State's efforts to strengthen public finance management (PFM) in subnational governments, with the ultimate goal of helping to improve the provision of public services to citizens.

The Programme focused on providing training and technical assistance in the processes of planning, budgeting, logistics and internal controls. These activities went hand in hand with the implementation of Public Expenditure and Financial Accountability (PEFA) evaluations. The Programme also supported the creation of a national judicial system for the recovery of stolen public assets.

To achieve these goals, the outputs and activities

were targeted at laying the foundations for a better and more efficient use of public resources. The Programme's tangible achievements were obtained thanks in part to the organisational structure, geographical spread, coordination with government bodies and recruitment of high-level personnel.

In the second phase, the Programme will continue this effort drawing on the good practices identified and adapting to the context. The Programme will additionally target other critical areas such as investment and municipal tax collection.

Objective

Strengthen PFM capacity within regional and local governments in Peru in order to achieve greater efficiency and transparency and to improve the allocation and use of public funds. These will in turn contribute to the enhanced provision of basic services to citizens.

Areas of intervention

The PFM Programme has two areas of intervention: public finance management and asset recovery.

I. Public Finance Management

This area is made up of three strategic results that seek to interconnect key aspects of better public finance management.

Outcome 1: Optimise processes for managing public expenditure and enhance priority basic services

The Programme will provide technical support to strengthen the coordination of current expenditure and investments with the aim of achieving more efficient, effective delivery of priority public services. These include education and health for regional governments, as well as

waste management and food markets for local governments.

Outcome 2: Strengthen the key processes for property tax collection by local governments

The Programme will work with beneficiary local governments to permanently increase the collection of property taxes. This will make more resources available to consolidate a greater degree of autonomy and support fiscal decentralisation.

Outcome 3: Strengthen internal controls and public integrity within subnational governments

The Programme will provide technical assistance to regional and local governments in the use of tools for internal control systems in order to minimise corruption risks (financial or operational) affecting the provision of public services.

II. Asset Recovery

This strategic area of intervention seeks to contribute to recovering stolen public assets and to returning them safely to Peru.

Outcome 4: Strengthen the specialised system for non-conviction based confiscation of stolen public assets

The Programme will provide strategic technical assistance and capacity building to criminal justice actors (prosecutors and judges from the nationwide system for *extinción de dominio*, as well as lawyers from the Ministry of Justice and Human Rights) involved in implementing the new non-conviction based confiscation legislation.

Scope

The Programme will work with:

- 📍 GRA - Regional Government of Apurímac
- 📍 GRC - Regional Government of Cusco
- 📍 GRLL - Regional Government of La Libertad
- 📍 GRL - Regional Government of Lambayeque
- 📍 GRP - Regional Government of Piura
- 📍 GRSM - Regional Government of San Martín
- 📍 MPA - Provincial Municipality of Abancay
- 📍 MPC - Provincial Municipality of Cusco
- 📍 MPP - Provincial Municipality of Piura

- 📍 MPSM - Provincial Municipality of San Martín
- 📍 MPT - Provincial Municipality of Trujillo



Quick facts



Budget: CHF 6 million



Duration: 2020 to 2023



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Results

The Programme provides technical assistance, capacity building, management improvement tools and innovation, designed for on-site, tailor-made assistance. This allows the achievement of the expected results, general objective and impact.

