



Subnational PFM Programme

Improving the management
of public finances

Phase III

About

The second four-year phase of the Subnational Public Finance Management Programme in Peru - Programa GFP Subnacional - came to an end in March 2024.

Six Peruvian regional governments and five municipalities enjoyed tangible improvements in technical capacity and processes for managing public funds. The focus was on education and health as well as priority regional investment projects.

Through the programme, we provided **training and technical assistance** to optimise processes for procurement, budgeting, risk management and internal controls. We also helped to introduce **technological tools** to enhance efficiency and transparency in the public administration.

An important aspect was our support to Peru's **justice system** in the fight against corruption. We helped to roll out a subsystem of prosecutors' offices, courts and tribunals to implement Peru's non-conviction based forfeiture law, extinción de dominio, and increase the recovery of illicit assets.

These efforts have contributed to a **more efficient use of public resources and greater transparency** in the management of public funds. Our beneficiary governments have been able to improve the quality of services they provide to their citizens.

These results were made possible by a robust organisational structure, the deployment of experts across the country, effective coordination with central authorities and highly qualified staff.

Looking ahead

In the third phase, our programme will continue strengthening these areas and add three new aspects:

- A focus on the **monitoring and control of regional conservation areas** to preserve biodiversity.
- Greater use of **technology and knowledge sharing** to help spread best practices and ensure that the progress we have achieved is sustained.

- Support for the implementation of recommendations required for Peru's **accession to the OECD**, particularly in the area of subnational public finance management.

Through these initiatives, we reaffirm our commitment to improving public finance management, preserving biodiversity and fighting corruption, ensuring that the public administration **responds to citizens' needs with transparency and agility**.

Aim

Our overall aim is to strengthen the public finance management capacities of subnational governments in order to improve the delivery of public services to citizens, particularly in the areas of education, health and the environment.

Targets

1

More efficient and effective public expenditure management processes for priority public services

Subnational governments improve procurement processes (planning, budget programming, contracting and logistics), ensuring the timely delivery of priority services such as educational materials, health supplies (vaccines, iron supplements, etc.), and the monitoring and control of regional conservation areas.

2

More efficient and effective capital expenditure management processes for priority public services

Subnational governments optimise the management of priority investment projects, with a focus on closing infrastructure gaps in education and health. Our technical assistance spans the various phases of the investment cycle.

3

More efficient and effective property tax collection processes

Our programme will contribute to the fiscal sustainability of local governments by improving processes of property tax registration, collection and enforcement, and by integrating land registry data into the Municipal Tax Collection System.

4

Stronger procedures for enhanced public integrity and reduced corruption in the management of public resources

We will help implement preventive strategies to increase transparency and reduce corruption risks in both ongoing and capital expenditure management. Actions focus on strengthening social controls and risk management and promoting a culture of public integrity.

5

Stronger subsystem for the application of Extinción de dominio legislation to recover stolen public assets

We will build the capacity of relevant criminal justice institutions to recover misappropriated public funds as a way of contributing to the fight against corruption.

What we provide

We offer a holistic approach, supporting beneficiaries through:



Technical assistance via workshops, follow-up meetings and feedback sessions.



Capacity building through courses, certificates, specialised training workshops and presentations.



Tools for enhancing the management of processes, systems and standards.



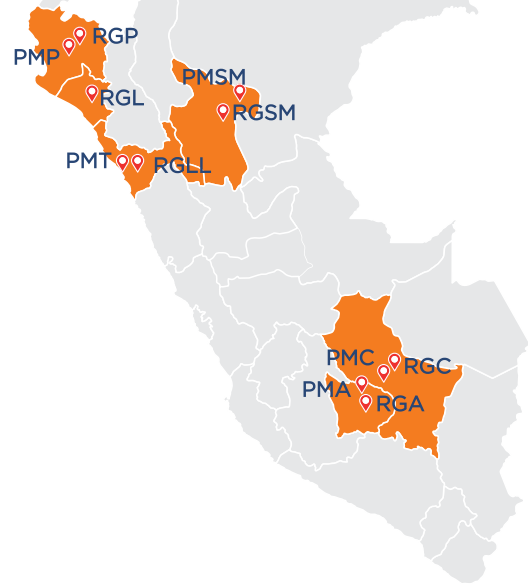
Innovative measures to change behaviours and practices in a cost-effective way.



Knowledge products to ensure sustainability, including working papers, best practices/lessons learned and policy documents.

Scope

Our programme covers six regions and five provincial municipalities:



- RGA - Regional Government of Apurímac
- RGC - Regional Government of Cusco
- RGLL - Regional Government of La Libertad
- RGL - Regional Government of Lambayeque
- RGP - Regional Government of Piura
- RGSM - Regional Government of San Martín
- PMA - Provincial Municipality of Abancay
- PMC - Provincial Municipality of Cusco
- PMP - Provincial Municipality of Piura
- PMSM - Provincial Municipality of San Martín
- PMT - Provincial Municipality of Trujillo

We aim to reach district municipalities within our beneficiary regions through virtual trainings and knowledge-sharing communities where best practices and relevant information can be shared.

We anticipate including an additional region and provincial municipality from the Amazon region during the first year.

Key facts

Budget : 8 million Swiss francs

Timeline : 2024 to 2028

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