Executive summary

In recent years, the government of Peru has been stepping up efforts to pursue more inclusive national growth through a greater focus on public administration reform, including through the government’s decentralisation agenda that aims to give a voice to the country’s rural and remote regions. The government also recognises that a more participatory, transparent, open, efficient and effective public sector is essential to meeting citizens’ needs successfully.

This Public Governance Review examines these governance reform priorities against the objective of bolstering the state’s strategic agility to set, steer and operationalise a national development strategy to pursue inclusive growth and prosperity in all regions of the country. This review advises the government of Peru on ways to address these challenges and has identified priority areas for action to strengthen the quality and efficiency of public institutions in improving outcomes.

Peru’s centre of government is focusing on ways to strengthen its capacity to co-ordinate government strategy more effectively. In support of these efforts, Peru should stabilise the Presidency of the Council of Ministers (PCM) as an institution with a clearer role and more political and policy clout, and reinforce its capacity to partner effectively with the Ministry of Economy and Finance (MEF), so that they can jointly lead the design, delivery, monitoring and adjustment of a whole-of-government, multi-year national development strategy that fully reflects the country’s fiscal framework, spending capacity and performance impact on outcomes.

Strategic planning could be based more systemically on sound evidence and analysis. While the government is improving the use of evidence in decision making, progress remains slow, notably due to a lack of a whole-of-a-government approach to generating and using evidence, including on performance, and to linking budgeting to planning using a common multi-year time frame. There is a consensus among senior officials and observers on the need to improve the culture of evaluation in the public administration, notably through better training and more widespread dissemination of performance-evaluation methodologies government wide. The government should more effectively integrate its various strategic plans and link them to the national budget, integrate performance monitoring and evaluation for both strategic planning and budget execution, and use strategic foresight and long-term horizon-scanning to inform medium-term planning.

Thirteen years after the launch of the decentralisation process, the legal framework governing decentralisation remains fragmented, complex and difficult to implement. Fiscal decentralisation is an essential, yet limited, dimension in this process; Peru should implement a more deliberate strategy to increase the financial autonomy of regional governments so that they can carry out their mandates properly to improve outcomes. It should reinforce central institutional arrangements to manage the decentralisation process more effectively; improve multi-level co-ordination tools; clarify once and for all the roles and responsibilities of national, regional and local governments; and provide administrative and institutional support to subnational governments.
Effective and efficient management of the civil service is a basic building block of good governance. Peru’s new Civil Service Law aims to significantly restructure the management of approximately 600,000 civil servants in 2,500 public institutions across the country in all 3 levels of government. The potential impact of these reforms is significant, given the scope of the issues that the reforms aim to address. Peru should ensure that the reform receives proper support at the political level, including from the incoming government; that the PCM and the MEF co-operate on a governance structure to implement the reform properly; and ensure that over time it is effectively implemented and results are monitored at the subnational level.

Significant progress has been made in establishing the necessary legal and regulatory framework to implement the government’s action plan on digital government, but there is a need to move beyond a focus on technology and reinforce the lead agency as a “manager in charge” that can co-ordinate the implementation of the plan government-wide while leading a coherent, integrated approach to digitisation across the country.

Open government and transparency are key elements of an administration that is attentive and responsive to citizen’s needs. Frequent staff turnover in the PCM can explain the lack of an overall national open government vision that links the principles of transparency, accountability and participation to Peru’s broader public sector reform strategy and its national strategic development planning. The government should build on the successful engagement process that led to the drafting of the first Open Government Partnership Action Plan and define with civil society a robust national open government policy; strengthen the co-ordination role of the PCM in this area while reinforcing its monitoring and evaluation capacity; improve compliance by national institutions to the Access to Information Law, either by creating an oversight body or by assigning this responsibility to an existing institution with a proper mandate and funding; facilitate access to information by developing guidelines for the classification and declassification of information; establish a central function to develop and apply conflict of interest policies; and establish a lead agency to plan, deliver and evaluate ethics training government-wide while ensuring top-level buy-in for this training.