

Program for Modernization of the Public Sector

PERU

SECTOR: Planning and Reform

PROJECT NAME: Program for Modernization of the Public Sector
(971/OC-PE)

TOTAL COST: \$195 million

FINANCING:

IDB \$ 58 million
LOCAL \$137 million

DATE OF APPROVAL: November 20, 1996

GENERAL DESCRIPTION: The objective is to achieve an efficiently managed public sector. The program will: (a) strengthen the management capacity of institutions in the public sector, improving their efficiency and effectiveness; (b) contribute to the government's fiscal objective of curbing public expenditures; (c) set up a performance-based administration and management system; and (d) raise productivity in the public sector.

The program will be comprised of the following four components: (a) area restructuring to bring the regulatory, operational, and organizational frameworks of the 14 areas in the central public sector and the Office of the Cabinet Chief (PCM) into line with established objectives, goals, strategies, and measurements, and with the definitive institutional plan; (b) streamlining of administrative systems to adopt a new administrative framework of fast, transparent, expeditious procedures that make for more efficient management of institutions in the public sector, including an integrated financial management

system, a personnel management system, a procurement system, and a system of accountability; (c) a separation package option for civil servants, which will include payment of severance, financing for training, counseling, and technical assistance for government workers displaced under the restructuring; and (d) a public information strategy for communicating information on the program to the public through an advertizing campaign and the establishment and operation of a central information exchange.

CONSULTANTS:

Consultants and/or firms will be hired to assist the authorities and the Technical Secretariat in designing and implementing the restructuring program in each area of operations, as well as the training process. They will also assist in formulating performance indicators for all ministries and decentralized public agencies (DPAs). Consultants will be needed to develop software and adapt hardware to the needs of the new administrative procedures and systems so as to allow each area to restructure its activities. Experts will be hired to help define and apply performance indicators.

For the administrative systems streamlining component, consultants will be required for the following activities: (a) providing technical support in evaluating labor policy proposals, compensation scales, and recruitment, promotion, separation and training policies; (b) gathering data on the application of the new legislative framework, carrying out inspections, and evaluating compliance with approved policies; (c) disseminating information on the new regulatory framework; (d) helping establish an Office of Staff Development at the PCM; (e) performing audits; (f) developing software for the new procurement system; and (g) developing a system of accountability. The program will also finance specialized institutions to train and provide advisory assistance to workers who are displaced by the restructuring program, as well as consultants to conduct an advertising campaign for the new restructuring program, carry out marketing studies to plan and organize the campaign, and help establish a central information exchange.

GOODS AND EQUIPMENT:

Hardware, software and advertising materials will be purchased.

EXECUTING AGENCY:

La Presidencia del Consejo de Ministros (PCM)
Secretaría Técnica del Programa de

Modernización

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