

Government at a Glance: Latin America and the Caribbean 2024



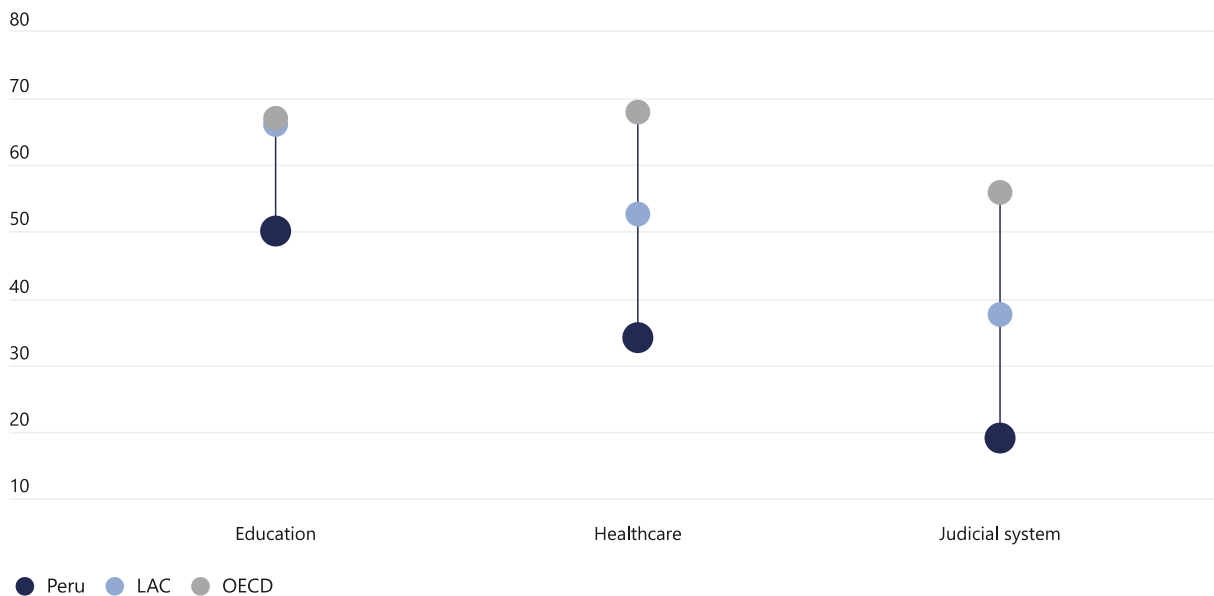
Peru

Trust and satisfaction with public services

Trust in public institutions and satisfaction with public services are important outcomes of the quality of public governance. They reflect people's perceptions of government competence in designing and delivering policies and services, as well as expectations about the behaviour of public institutions and public officials. Satisfaction with public services and trust in public institutions – while not necessary outcomes of democratic governance – can enhance effective governance by fostering participation in public life, compliance with policies, and social cohesion.

Half of Peruvians are satisfied with the education system, below the LAC average. Satisfaction with the health and judiciary systems are also below LAC averages. In Peru, 50% of the population is satisfied with the education system in 2022, a lower share than the LAC (66%) and the OECD (67%) averages. The healthcare sector has a satisfaction rate of 34%, which is below the LAC average by 19 percentage points (p.p.) and the OECD average by 34 p.p. Only 19% of Peruvians are satisfied with the judiciary system, a share that is lower than the LAC average by 19 p.p.

Figure 1. Satisfaction with public services, 2022






Good governance for inclusiveness and sustainability

In an age of multiple crises, countries in Latin America and the Caribbean need to pursue good governance practices that foster inclusiveness and sustainability, crucial for promoting prosperity and democratic resilience. Key actions include building on democratic strengths, such as enhancing stakeholder engagement in decision making and promoting representation and inclusion in public workforce. Additionally, efforts should focus on reinforcing key competences to deliver inclusive and sustainable growth, including budgeting and public procurement approaches that support the green transition. Safeguarding against threats to democratic values demands that effective public integrity rules and robust regulation against undue influence be maintained.

Public procurement – the purchase of goods, services and works by governments and state-owned enterprises – averaged 17.4% of total government expenditure in Latin America and the Caribbean countries in 2021. Public administrations are increasingly adopting public procurement as a strategic policy instrument to promote social objectives, for example to strengthen sustainability and environmental responsibility, by favouring green procurement and responsible business conduct, and inclusiveness, by incentivising the participation of different individuals and business groups as suppliers

Peru has a strategy at the central level of government to promote green public procurement and responsible business conduct. The country does not have strategies to pursue the participation of SMEs in public procurement processes. In comparison, 14 LAC countries have a central government strategy to promote the participation of SMEs in public procurement, 9 countries for green public procurement, and 7 for responsible business conduct.

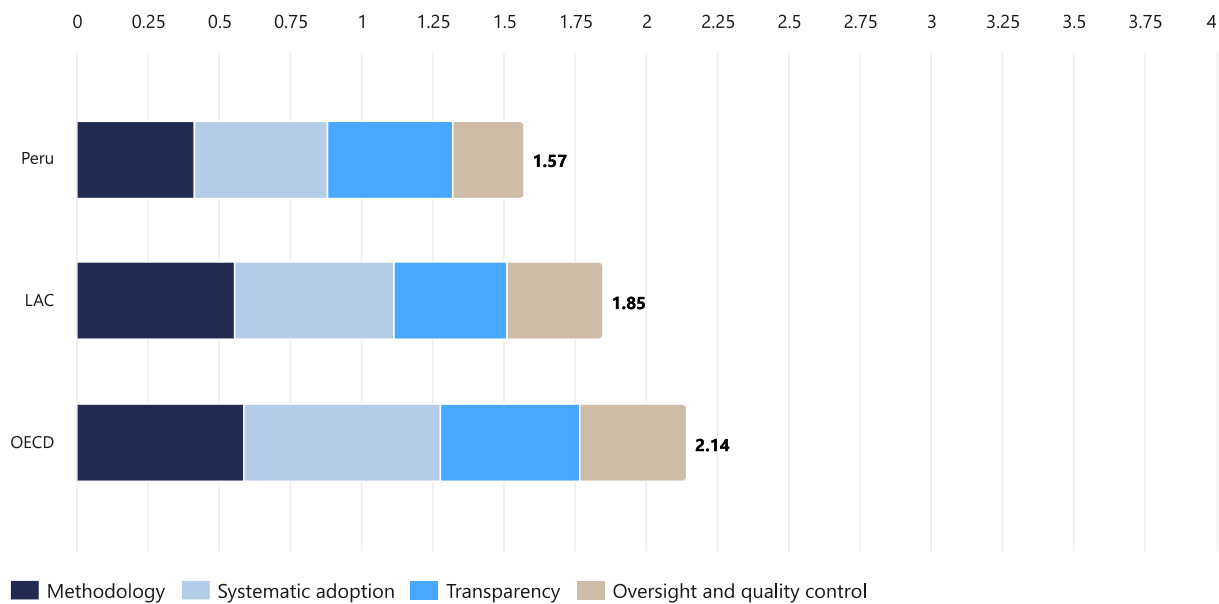
Figure 2. Strategic public procurement at the central level to pursue sustainability and inclusiveness, 2022

	Green public procurement	SME	Responsible business conduct
A strategy/policy has been developed at a central level	 LAC countries: 9 Yes / 10 No	LAC countries: 14 Yes / 5 No	 LAC countries: 7 Yes / 12 No
Some procuring entities have developed an internal strategy/ policy	LAC countries: 6 Yes / 13 No	LAC countries: 1 Yes / 18 No	LAC countries: 3 Yes / 16 No
No strategy/ policy in place	LAC countries: 6 Yes / 13 No	 LAC countries: 7 Yes / 12 No	LAC countries: 3 Yes / 16 No

Meaningful engagement with stakeholders in decision making helps to improve the design and public acceptance of public policies and services. The OECD's Regulatory Policy and Governance Index (iREG) assesses stakeholder engagement in the development of subordinate regulations (those approved by the head of government, ministries or the cabinet). This index measures countries' performance in systematically involving stakeholders in public decision making, the use of tools, the transparency of their consultations, and their oversight and quality control. Between 2019 and 2022, 8 out of 11 surveyed LAC countries (73%) improved their iREG score on stakeholder engagement

Peru performs below the LAC average on the iREG index for stakeholder engagement for developing subordinate regulations. With an overall score of 1.57 in 2022, on a 0-4 scale, Peru is slightly below the LAC average (1.85) and below the OECD average (2.14). Peru achieves its highest scores for systematic adoption (0.47 out of a maximum score of 1) and transparency (0.44). There is room for improvement in all dimensions, particularly on the stakeholder engagement methodology (0.41) and oversight and quality control (0.25).

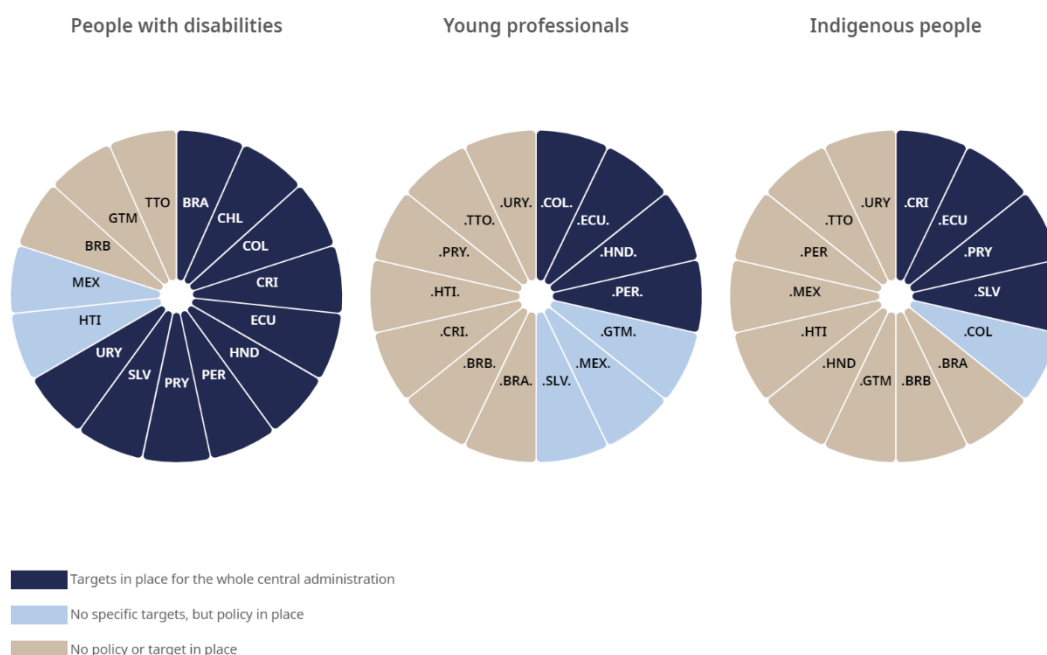
Figure 3. iREG on stakeholder engagement in developing subordinate regulations, 2022



A diverse public sector workforce is essential for promoting representation and inclusion of underrepresented and vulnerable groups. It strengthens government performance by driving innovation and contributing to tailored public services to meet the community's needs. Governments can use policies and targets to recruit and retain under-represented groups in the workforce.

Peru has specific targets in place for the inclusion of people with disabilities and young professionals in the public workforce at the central level. Peru lacks both policies and targets for indigenous population. In comparison, among the surveyed LAC countries, 10 out of 15 have targets for people with disabilities, 4 countries have targets for young professionals and for indigenous people.

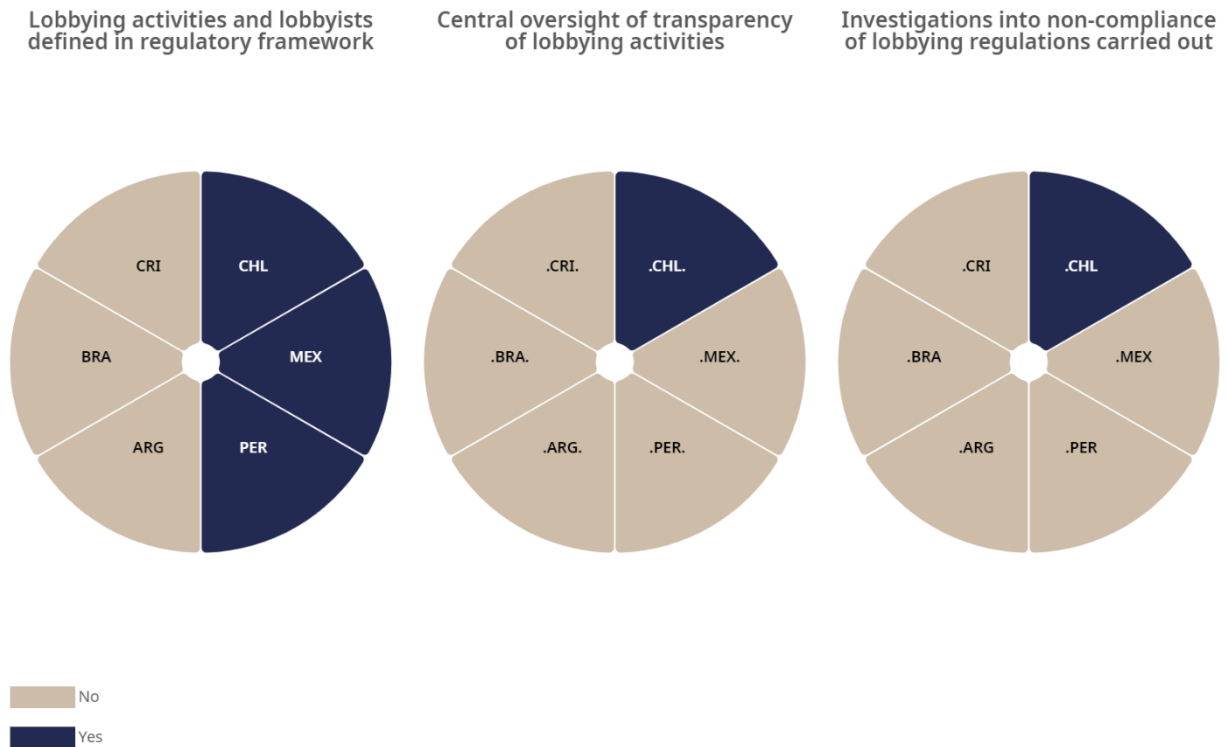
Figure 4. Policies and targets to improve the representation of specific groups in the central/federal administration, 2022



Lobbying has long been a part of democracy, as it facilitates the representation of a range of interests and helps identify the impact that policies will have on diverse groups. However, public policies suffer if lobbying practices are not transparent or regulated allowing interest groups to monopolise influence, manipulate public opinion, sway government decisions and ultimately hinder the effective implementation of policies. For lobby regulations to be effective, governments need to oversee compliance with them, and impose sanctions when there are breaches. As of 2022, three of the six surveyed LAC countries (50%) regulate lobbying by defining lobbying activities and actors. Most LAC countries, however, lack institutions and frameworks to oversee lobbying practices, and fail to investigate breaches.

Peru defines lobbying activities in its regulatory framework, including which actors are considered lobbyists. However, it has no body in charge of overseeing the transparency of lobbying activities and has not carried out any investigations into non-compliance with lobbying regulations during the last calendar year.

Figure 5. Lobbying regulations, oversight and sanctions, 2022



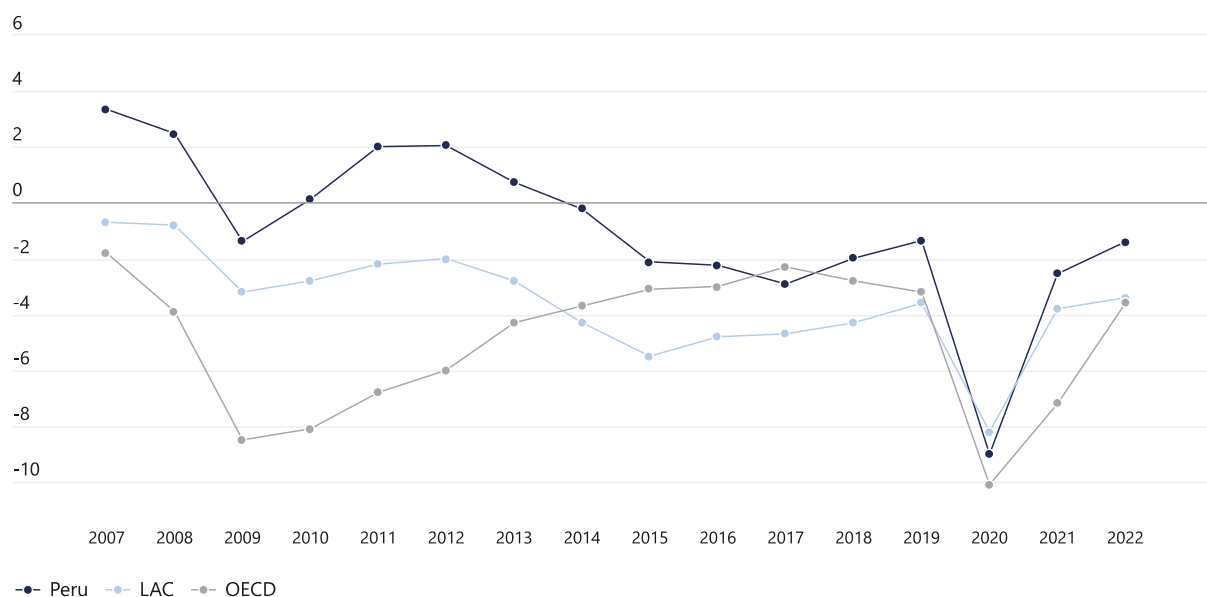
Use and management of public resources

To make meaningful progress toward inclusive and sustainable growth, governments need to manage their existing resources strategically. From a fiscal perspective, this entails balancing how much the government spends and collects. From a human resource perspective, it means strengthening the capacity and skills of public employees and creating a public workforce and elected public officials who represent all the people they serve.

Public finances in the LAC region show modest positive signs, after a stark deterioration in 2020. This downturn was due to emergency measures taken to fight the COVID-19 pandemic, along with measures to support businesses and people to manage its impacts. Fiscal balances - the difference between a government's revenues and its expenditures in a year - had broadly recovered to pre-COVID levels by 2022 across Latin America and the Caribbean. However, economic recovery remains fragile.

In 2022, Peru had a fiscal deficit of 1.4% of GDP, below the average across LAC countries (3.4%), and unchanged in comparison with 2019. Government revenue represented 22.1% of Peru's GDP in 2022, compared to 31.5% on average in LAC countries and 39.7% in OECD countries. This ratio of revenue relative to GDP has increased from 19.8% in 2019.

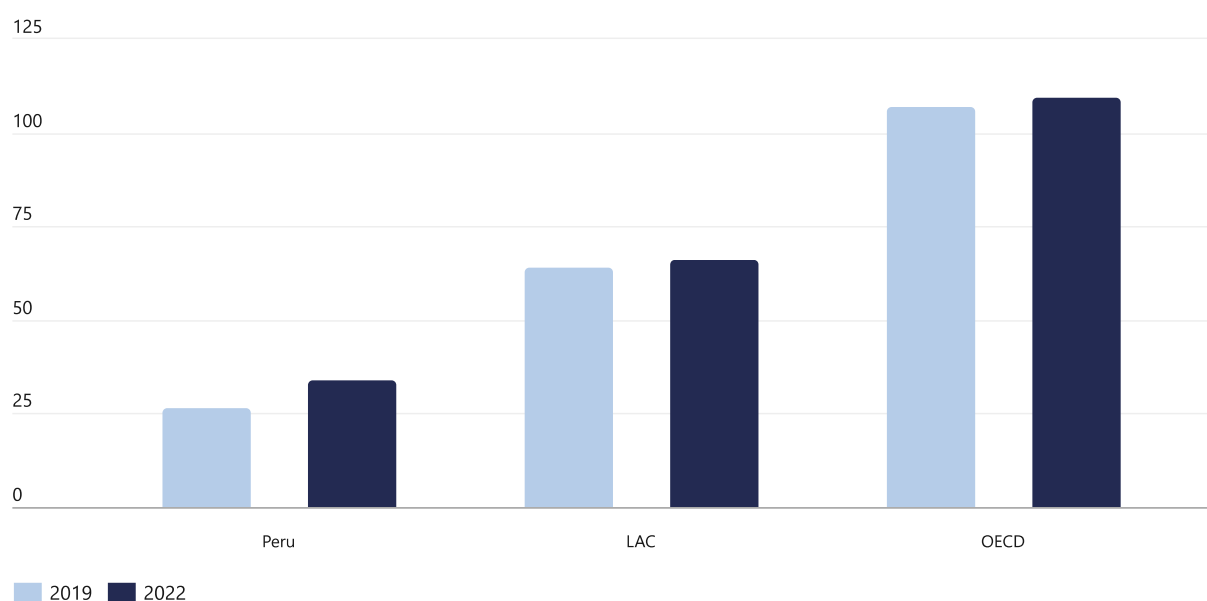
Figure 6. General government fiscal balance as a percentage of GDP, 2007 - 2022



Government debt can be used to finance both current expenditure and investments but comes at a cost in the form of interest payments. Debt as a share of GDP increased during the COVID-19 pandemic in the LAC region due to increased expenditure and loss of tax revenues, and in 2022 still remained 2 p.p. above its 2019 level.

In 2022, Peru's government debt amounted to 34.3% of its GDP, below the LAC average of 66.3%. Its debt level has increased from 26.9% of GDP in 2019.

Figure 7. General government gross debt as a percentage of GDP, 2019 and 2022



Public employees are at the forefront of policy design and formulation and the delivery of public services. The share of public employment varies significantly across the LAC region, ranging from under 5% of total employment to over 20%.

In 2022, public employment in Peru amounted to 8% of total employment, below the LAC average of 12%, and lower than the OECD average of 21%. Public employment in Peru has remained almost steady between 2018 and 2022.

Figure 8. Public employment as a percentage of total employment, 2011, 2018 and 2022

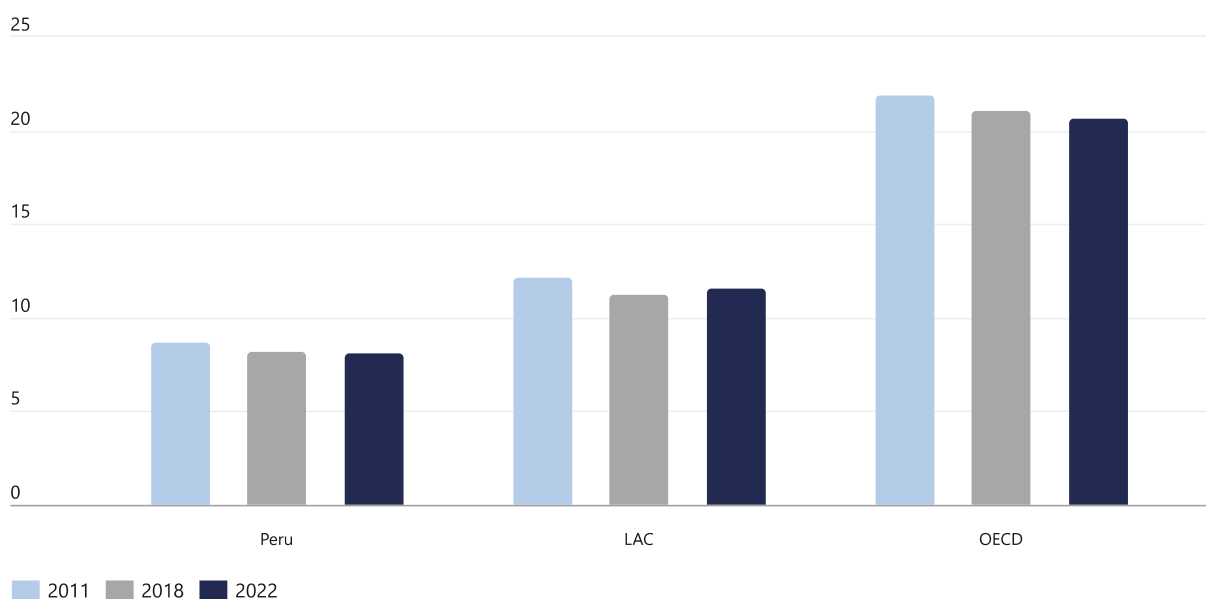


Figure notes

Data are on public finance and economics are from the IMF World Economic Outlook (WEO) database (October 2023), which is based on the Government Finance Statistics Manual (GFSM) and were extracted on 3 November 2023. For the OECD averages data were based on the System of National Accounts (SNA) and were extracted from the Government at a Glance online database representing the last available update: 5 January 2024.

Fiscal balance, also referred to as net lending (+) or net borrowing (-) of general government, is calculated as total government revenues minus total government expenditures.

Data on public employment are derived from the International Labour Organization (ILO) ILOSTAT database and were extracted on 17 February 2023. Data are based on the Labour Force Survey. Public sector employment covers employment in the government sector plus employment in publicly owned resident enterprises and companies.

LAC and OECD averages refer to the unweighted average with the exception of public finance indicators.

For more information see www.oecd.org/publication/government-at-a-glance-lac/2024/