

**PRESS RELEASE**  
**Launch of the Public Expenditure and Financial Accountability**  
**Performance Assessment Report 2023**  
**Tuesday October 3, 2023**  
**Le Meridien, Thimphu**

The Royal Government of Bhutan and the World Bank jointly launched the Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report 2023 in Thimphu today. The Report for the first time consists of three volumes:

Volume I: PFM Performance Assessment,  
Volume II: Climate Responsive PFM Performance Assessment, and  
Volume III; Gender Responsive PFM Performance Assessment, thus making Bhutan become the first country in South Asia and a part of very few countries in the world who have undertaken PEFA ++.

The Report is an outcome of regular public financial management assessment based on the internationally recognized Public Expenditure and Financial Accountability (PEFA) Assessment framework. The Report was completed with support from European Union and Austrian Development Agency.

The Report updates, evaluates and assesses the progress of the public financial management across the budgetary agencies since the last assessment in 2016. Based on the assessment, a Public Financial Management (PFM) Reform Strategy and Action Plan will be formulated for implementation in the next five years (2023-28).

As per the Report, the overall trajectory in the public financial management (PFM) remains positive.

The Report finds improvement in areas of controls in budget execution, management of financial assets, debt procedures, accounting, reporting and transparency and auditing, compared to the last assessment conducted in 2016. Transfers to local governments are made in a transparent and rules-based criteria which helps in improved management, allocation, and distribution of public funds for improved service delivery for the benefit of the people.

Since the last Report in 2016, Bhutan has undertaken several significant reforms under a Multi Donor Fund which included rollout of country wide digital payments by the Government electronic Public Expenditure Management System (e-PEMS) which were extremely critical during the COVID-19 outbreak as people were able to receive funds digitally and did not have to collect cheques, Implementation of International Public Sector Accounting Standards (IPSAS), Phases II and III of the development and implementation of the electronic Government Procurement or e-GP system, strengthening of internal controls at decentralized levels through creation of Cluster Finance Services, strengthening internal audit, and improving budget documentation to include gender and climate related aspects.

“We are committed to the good governance, and sound public financial management is a critical element. Using PEFA assessments as a basis, we shall continue to pursue

PFM reforms for the enhanced service delivery and ultimately achieve our national objectives” said Ms. Leki Wangmo, Acting Finance Secretary.

The Workshop was attended by Parliamentarians, Oversight Bodies and Budgetary Agencies involved in the PFM including Climate and Gender Agencies.

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