

DRAFT STRATEGY
2026-2030

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PEMPAL SECRETARIAT

Budget Community of Practice (BCOP)

E: BCOP@pempal.org

Internal Audit Community of Practice (IACOP)

E: IACOP@pempal.org

Treasury Community of Practice (TCOP)

E: TCOP@pempal.org

www.pempal.org

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PEMPAL 2026-2030 Results
Framework

What is PEMPAL and What Has It Achieved So Far?

1. The Public Expenditure Management Peer-Assisted Learning (PEMPAL) is a demand-driven peer-learning network, through which public finance officials from member countries in the Europe and Central Asia (ECA) region connect, collaborate, and engage in mutual learning and problem-solving to drive public financial management (PFM) reform design and implementation. The network is organized around three thematic communities of practice (COPs): Budget Community of Practice (BCOP), Treasury Community of Practice (TCOP), and Internal Audit Community of Practice (IACOP). In contrast with traditional training approaches, members formulate their activity plans and play the role of experts within their peer groups, so they are not only receivers but also providers of technical assistance. PEMPAL members are central ministries/agencies responsible for budget planning, preparation, execution, and monitoring and for coordination/harmonization of the internal audit function in 21 ECA countries. Membership currently includes 1,000+ public finance officials (high and mid-level managers) from Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, North Macedonia, Moldova, Montenegro, Romania, Serbia, Tajikistan, Türkiye, Ukraine, and Uzbekistan.

2. PEMPAL has created and shared knowledge through collaboration and peer learning events with materials and access to experts and knowledge products and tools. COPs are led by the COP Executive Committees consisting of representatives of up to nine member countries, who steer the work of COPs. The World Bank Resource Team provides technical content expertise and coordination. Administrative and logistical support is provided by the PEMPAL Secretariat managed by the World Bank. Members collaborate directly in mutual

learning and problem-solving with peers from other PEMPAL countries, as well as from experts from international development organizations and guest speakers from the Ministries of Finance of advanced countries outside of the PEMPAL region.

3. There were 136 PEMPAL collaboration and peer-learning events (with a total participation of close to 5,000) in fiscal years 2018-2024, along with a large volume of event materials and knowledge products. Learning and collaborating events included larger annual plenary meetings and small thematic/working group meetings. Around two-thirds of events were in virtual videoconferencing format. Each COP has a large database of event presentations and materials for members to draw upon. In addition to event materials, PEMPAL produced 25 knowledge products since 2018 in various formats.

4. Members' satisfaction with PEMPAL outputs and resources is exceptionally high. They consistently report exceptionally high levels of satisfaction with the quality of PEMPAL events, materials, leadership, and technical resources, and the applicability of knowledge gained through events. Feedback shows that members use the knowledge gained to improve their PFM practices. The feedback on the quality and usage of COP's knowledge products is also exceptionally positive: products are tailored to the needs of PEMPAL members. Numerous examples of how member countries use knowledge have been collected by COPs in surveys and during the events, as well as in the interviews with members and high-level officials in the independent external evaluation.

5. Staff capabilities for the design and implementation of PFM reforms in member countries increased from using PEMPAL services and resources. Member countries have provided

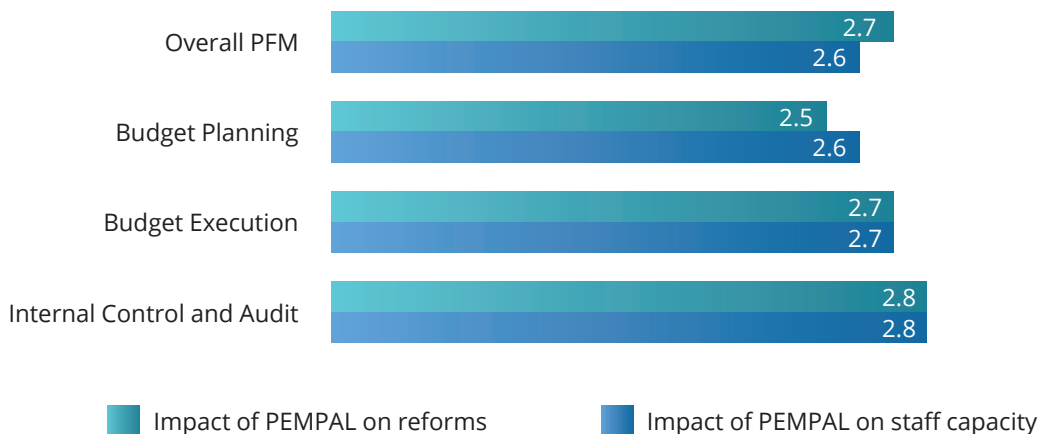
very positive feedback regarding the impact of PEMPAL on enhancing PFM capacities. In the survey conducted in late 2024, the Ministers of Finance of all member countries report a significant impact on PFM staff capacities and reforms in their countries. On average, Ministers rated the impact of PEMPAL on developing staff capacity and on PFM reforms in their countries as significant at above 2.5 on a scale where 3 marks the highest impact. On average, Ministers rated the impact of PEMPAL on developing staff capacity and on PFM reforms in their countries as significant at above 2.5 on a scale where 3 marks the highest impact, as shown in **Figure 1**. They provided numerous examples of impact channels. Independent external evaluation and COPs' member surveys mirror this exceptionally positive recent feedback from the Ministers of Finance. PEMPAL impacted the PFM practice of member countries in multiple areas within the budgeting, treasury, and IA functions.

6. Member countries enhanced their PFM with the support of PEMPAL, as confirmed by the international assessments and thematic surveys. PFM fundamentals have mostly been established in the budgeting, treasury, and internal audit functions across the region. Some examples of progress include:

- a 25% improvement in average PEMPAL countries' PEFA scores for the assessed elements related to budget, treasury, and internal audit;
- a 45% improvement in average PEMPAL countries' score on the transparency dimension of the Open Budget Index;
- eleven member countries that now fully implement program budgeting with performance targets, while the remaining eight are in the preparation phase or expanding from the piloting stage;
- almost all member countries now have most of the key thirteen internal audit elements in place, with significant broadening of internal audit coverage; and
- eleven countries have expanded the TSA scope or upgraded the TSA; the treasury coverage expansion led to significant quantifiable benefits in government revenue from interest.

7. The extended report on PEMPAL Achievements is also available, as well as success stories highlighting PEMPAL's impact on specific member countries or in a specific thematic area.

Figure 1. Average impact of PEMPAL on member countries' PFM staff capacity and reforms (based on responses from 21 member countries in the Sep-Nov 2024 Survey of Ministers of Finance)



1 = low impact; 2 = medium impact; 3 = significant impact

Guiding Principles for 2026-2030

8. PEMPAL supports the modernization and enhancement of public financial management (PFM) in member countries to address development challenges. PEMPAL is a demand-driven peer-learning network which connects public finance officials from 20 member countries across the Europe and Central Asia (ECA) region. PEMPAL participants work together to share knowledge and address shared PFM reform challenges. Participants formulate PEMPAL activity plans and play the role of experts within their peer groups: they are not only receivers but also providers of technical assistance. The PEMPAL Strategy for 2026-2030 aims to build on the success of the PEMPAL Strategies for 2012 to 2017 and 2017 to 2025. The Strategy reflects the priorities of PEMPAL Ministers of Finance as expressed in their responses to a survey conducted at the end of 2024, the views of the leadership of the three PEMPAL Communities of Practice (COPs) as expressed at their July 2024 meeting, and lessons learned from the implementation of the 2017-2025 Strategy as reported

in the mid-term review and external evaluation. The 2026-2030 strategy will: focus on development and technical challenges; leverage the peer learning model; multiply knowledge exchange through targeted partnerships; and strengthen the network's financial sustainability.

Focus on development and technical challenges

9. PEMPAL will support the achievement of development goals. PFM reform is not an end in itself: reforms should contribute to the achievement of development goals, including Sustainable Development Goals, and other national priorities. The development priorities identified by Ministers of Finance in the survey of September-November 2024 are presented in **Figure 2**.

Figure 2.
National Development Priorities of Ministries of Finance
(average points for all countries, 1 marks the highest priority)



COPs will integrate these development priorities into their work, and the priorities from the member countries' national PFM strategies. Horizontal cross-COP work programs will address cross-cutting issues, with each COP further examining the implications of the development challenge in their technical thematic area.

10. PEMPAL will promote innovations across the PFM cycle. Ministers of Finance determine PEMPAL thematic priorities aligned with country PFM strategies. Figure 3 presents the thematic priorities identified by Ministers of Finance in the survey conducted from September-November 2024. Ministers prioritized the core functions of planning and budgeting, internal audit, and treasury, followed by digitization and data governance, fiscal risks, strategic planning, accounting and financial reporting as priorities. Ministers of Finance considered some of the thematic issues prioritized by the World Bank Resource Team, notably public investment and asset management, as lower priorities, possibly because these functions lie largely outside the Ministries of Finance core mandates. Ministers' priorities will be the basis for PEMPAL's annual action plans, as well as priorities from the national PFM strategies; in

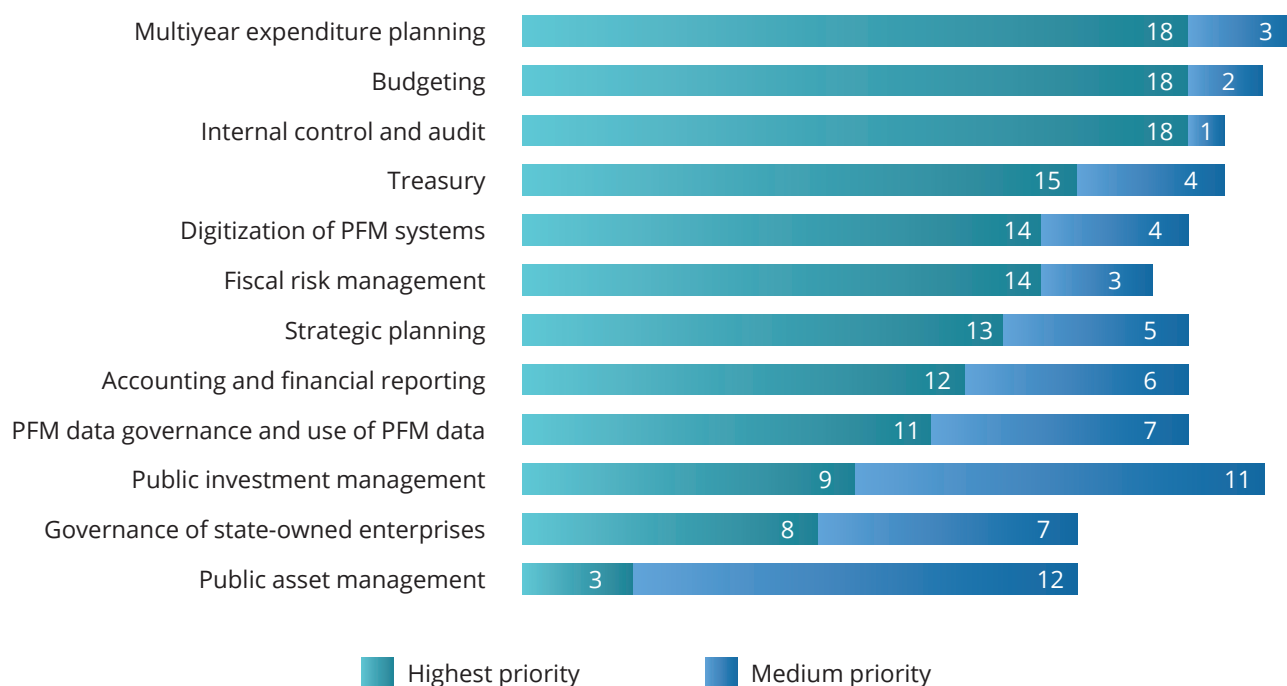
parallel ensuring synergies and complementariness of PEMPAL's work with the country-level PFM support from the World Bank and other partners.

11. PEMPAL will focus on country level impacts. PEMPAL's results framework will monitor program's contributions to country level reforms targeted country-level measures. Impacts will be systematically monitored, reported, and communicated. PEMPAL will prepare individual country action plans with Ministries of Finance to define the specific reforms each country will implement through PEMPAL during 2026-2030. These country action plans will be updated periodically. This will ensure continuous engagement of Ministers of Finance and PEMPAL's continued relevance to the national reform agenda.

12. PEMPAL will engage with a wider range of country-level institutions. With the shift in focus to address development challenges and innovations in PFM, PEMPAL will work on cross cutting issues that involve a wider range of country level institutions than it has in the past. This will include engagement with ministries of economy, audit institutions, and sector institutions responsible for service delivery, environmental and climate change policy.

Figure 3.

Thematic Priorities of Ministries of Finance



Leverage peer learning

13. PEMPAL will harness the power of its unique network to facilitate peer advice. Strong membership connections will be maintained through face-to-face, virtual, and hybrid learning events. PEMPAL will build individual professional capacities of PFM practitioners to drive reforms through COP and cross-COP peer learning. Interactive discussions at face-to-face events remain an essential knowledge transfer mechanism that builds the social capital of the network, and as such are perceived by the members as critical to the effective functioning of PEMPAL and its learning agenda. Virtual and hybrid events will also be used to maintain focus and increase network efficiency.

14. PEMPAL will continue to facilitate country-to-country direct peer advice and country clinics delivered during the learning events. Country-to-country peer advice allows members to learn from the experience of peers who have implemented reforms. This peer learning complements international financial institutions' country-level technical assistance projects and EU twinning arrangements, which are usually much larger in scope and longer in duration.

Multiply knowledge exchange through targeted partnerships

15. PEMPAL will continuously expand its partnerships with international organizations, providing opportunities for members to access and contribute to global PFM knowledge. Thematic partnerships with key global and regional organizations adds significant value and recognition to PEMPAL, providing access to leading international expertise and global good practices. PEMPAL has already established a formal cooperation agreement (memorandum of understanding) with CIGAR Network and is establishing partnerships with the global Institute of Internal Auditors (strong cooperation already established), and CONACI Brazil – the largest internal control network in Latin America – for

global knowledge flow between regions. PEMPAL will continue to deepen its partnerships with: the Dutch National Academy for Finance and Economics; the Organization for Economic Cooperation and Development (OECD) Senior Budget Officials' Network; International Budget Partnership (IBP); the OECD Support for Improvement in Governance and Management (SIGMA) Program; the Public Expenditure and Financial Accountability (PEFA) Secretariat; and Public Expenditure Management Network in Asia (PEMNA). PEMPAL's cooperation with these organizations includes joint thematic events and cross-participation, content contribution in learning events, and development of global standards, advisory and knowledge materials. These partnerships allow PEMPAL to share new PFM standards and technical materials with members, often in the pre-publication stage and with the opportunity for members to provide inputs relevant to the PEMPAL region. As an example, the new Global Internal Audit Standards have been issued with PEMPAL inputs providing important tailoring of the standards to the public sector. PEMPAL also expands the internationally comparable available data on PFM in PEMPAL countries through thematic surveys designed in collaboration with the partnering organizations. PEMPAL will also strengthen its engagement with the European Commission and work to identify thematic areas relevant in the EU context, as majority of PEMPAL countries are influenced or interested in EU approximation.

Strengthen PEMPAL's financial sustainability

16. PEMPAL will target significant co-financing by member countries. The 2026-2030 Strategy sets a clear path to significant self-financing by the member countries. The contribution of member countries will be targeted to increase from the current 8 percent of total PEMPAL costs to 25 percent in the new Strategy period. Further details are given in the section on Program Description and Financial Structure. In terms of external donor funding, fundraising efforts will include previous and potential new donors.

PEMPAL Objective and Results

17. PEMPAL's development objective for 2026-2030 is to strengthen the capacity of ministries of finance of member countries to design and implement PFM systems that address their national development policy priorities. The ultimate goal is that PEMPAL-facilitated PFM reforms contribute to the more effective use of resources in support of member countries' development goals. However, measurement and attribution of results at this level of outcomes is impractical. Instead, program outcomes are measured in terms of changes in institutions. These include:

- Member countries implement PFM reforms that address their development priorities and are aligned with relevant international standards and good practices, as informed by PEMPAL activities.
- PFM staff capacities of member countries are strengthened as a result of knowledge gained through PEMPAL.

18. The proposed FY26-30 Results Framework focuses on country outcomes. It maintains comparability with the indicators from the previous period to allow continuous overview but includes significant restructuring, sharpening, and strengthening of the expected results and indicators. It envisages collecting and reporting clear quantitative performance indicators for all outcomes and outputs within the PEMPAL annual reports.

19. PEMPAL's accountability framework will remain in place but will be further strengthened in terms of data collection and impact reporting, including regular collection of inputs and feedback from Ministers of Finance. PEMPAL monitoring and reporting will include: standardized and anonymous online post-event surveys; annual member surveys and collection of examples of the use of PEMPAL knowledge in member countries; surveys of Ministers and senior government officials of member countries every two years; annual reports to the Technical Advisory Group (also referred to as a Steering Committee) and Ministers of Finance of member countries; and an independent external in-depth evaluation at mid-Strategy point. In addition, secondary data from thematic international PFM assessments will be used to confirm countries' status/progress, such as PEFA assessments, Open Budget Index, as well as PEMPAL's thematic surveys facilitated through the World Bank Resource Team and based on international standards/surveys.

Program Components

Component 1: Cross-COP PFM reforms

20. **The alignment of PFM reforms with national development goals places greater emphasis on cross-cutting PFM reforms.** Cross-COP issues will be determined based on the development priorities (see **Figure 2**) and thematic issues and thematic PFM functions that have implications across the PFM cycle. This represents a significant departure from practice in previous PEMPAL strategies, which focused on thematic issues prioritized by the COPs. Cross-COP leadership has already identified priority PFM reforms that have implications across core functions: implementation of performance-based approaches and use of performance information in public service delivery and to improve efficiency and effectiveness; linking the PFM cycle and practices with strategic planning; integrating Sustainable Development Goals; risk management and implementation of EU fiscal rules; integration of sustainability and climate resilience in PFM systems; transparency and accountability; and digitalization and the use of artificial intelligence in PFM. Cross-cutting PFM themes will be determined on an annual basis and reflected in cross-cutting Action Plans approved by the Steering Committee. The selection of cross-cutting themes will be informed by the priorities identified in country-level PEMPAL action plans. PEMPAL will encourage Ministers of Finance to include ministries and departments with thematic responsibilities where relevant, notably entities responsible for economic policy, planning, environment, and climate change. This component will support: cross-cutting PFM

learning events, with greater use of hybrid and virtual modalities given the expanded number of institutional partners in some events; cross-cutting PFM materials from learning events; and opportunities for an interactive discussion with peer experts and external experts on cross-cutting PFM reforms.

Component 2: COP-Specific Reforms

21. **This component continues to support the work of the thematic COPs that have been the driving force of the PEMPAL network.** COPs focus on the design and implementation of reforms in core PFM systems, addressing ministries of finance's budgeting, treasury, and internal audit and control functions. COP thematic priorities will be determined on an annual basis and reflected in a COP Action Plan approved by the Steering Committee, taking into account: interactive discussions and an annual survey of member countries; ministerial priorities and action plans; and cross-COP thematic priorities. COPs have taken stock of progress to date and identified some of the thematic priorities for the Strategy 2026-2030 period, building on the basic systems to strengthen the use of PFM information in decision making (see Box 2). This component will support: COP thematic learning events on budgeting, treasury, and internal audit; PFM materials from learning events; and opportunities for interactive discussion with peer experts and external experts on budgeting, treasury, and internal audit.

Box 1.

COP Priorities for Core PFM System Reforms

BUDGETING

The fundamental elements of the budget process, budget classification, and budget documentation are in place in most member countries. Eleven member countries have implemented program budgeting with performance management systems and a further eight countries are preparing to implement these reforms. ECA is the only region with consistent and significant budget transparency gain since 2008 on the Open Budget Index. In the new Strategy period, the Budget COP proposes to focus on: strengthening mid-term budgeting and alignment with strategic planning; performance management and strengthening the quality of performance information and its use in decision-making; advanced monitoring and evaluation; budget planning comprehensiveness and reduction of off-budget structures; modernization of budget documentation and the implementation of proactive open budgeting; and sharpening tools for fiscal risk management and fiscal resilience.

TREASURY

All PEMPAL members now operate a Treasury Single Account (TSA) in the Central Bank. In many cases, TSAs include the accounts of subnational governments. The use of electronic funds transfer is significant, with most revenues flowing directly to the TSA. Most countries have direct access to the banking system, with 10 countries being members of the Real Time Gross Settlement system. All PEMPAL countries have core treasury information systems in place. In the new Strategy period, the Treasury COP proposes to focus on: strategic planning for the treasury function and measurement of treasury performance; modernization of the organizational arrangements for the treasury function, including network downsizing; the introduction of risk-based management systems, active cash management, and strengthening coordination with debt management; budget execution comprehensiveness and reduction of off-budget structures; and digital transformation and the use advanced analytics in treasury operations such as payment authorization, cash management, accounting and reporting.

INTERNAL AUDIT

PEMPAL has helped 13 member countries establish internal audit units, 11 countries establish central harmonization and coordination units, and worked with internal auditors active across the remainder of the PEMPAL network. In the new Strategy period, the Internal Audit COP proposes to focus on: the implementation and response to the new Global Internal Audit Standards, which seek to increase impact, support accountability, and strengthen the performance orientation of the audit function; strengthen the use of internal audit in decision-making to improve efficiency, effectiveness, and the sustainability of public finances; strengthen alignment with EU internal public financial control requirements; and promote digital transformation and the use advanced analytics in internal audit to improve the quality and timeliness of reporting to management.

Component 3: Country-level support

22. This component will allow member countries to seek the advice of their peers in the design and implementation of their PFM reforms through country clinics organized during PEMPAL events and limited-scale one-on-one support.

This builds on experience in the current Strategy period. Members particularly appreciate the advice of practitioners who have implemented reforms in similar institutional and political economy contexts. This brainstorming helps practitioners identify solutions to the organizational and political-economy challenges that often impede the effective implementation of PFM reforms. Component 3 will be implemented when one country requests assistance from another member country/ies for a very narrowly defined activity within a COP-specific or cross-cutting thematic area. This modality allows members from a country/ies that have successfully implemented a reform to visit (in virtual or face-to-face format) another country that faces challenges in implementing that reform to explore possible practical solutions. Country-level support allows for wider participation of the beneficiary country's staff. Complementarity with development partners' country-level PFM support will be ensured. This component will support: facilitated virtual and in-person working meetings; policy and implementation advice on priority reform areas; and facilitation of access to materials and resources shared by a member country.

Component 4: Knowledge products

23. This component will provide technical guidance on the design, implementation, and management of PFM reforms for member countries. It

complements learning events and event materials covered under Components 1-3. The knowledge products will focus on new and the most complex PFM reforms for which no resource is available elsewhere. Knowledge products will include both cross-cutting and core PFM systems. The selection of knowledge products will be determined on an annual basis and reflected in the Action Plans approved by the Steering Committee. The selection of cross-cutting themes will be informed by the priorities identified in country-level PEMPAL action plans and proposed by the COPs. Discussions with PEMPAL members have indicated that there is a particular interest in knowledge products that address cross-cutting development priorities, such as digitalization, data governance, artificial intelligence and the use of information in decision-making, and sustainability and climate change resilience. Following the practice under the current Strategy period, PEMPAL members will be expected to play active contributor and leadership roles in the preparation of knowledge products to ensure that the products address the practical challenges faced in the implementation of technical reforms. This component may also finance the design and production of digital solutions where these can be demonstrated to serve the needs of multiple PEMPAL members.

Component 5: Program Management

24. Program management includes the Secretariat which provides administrative and logistical support to PEMPAL activities, Steering Committee reporting, and the external evaluation of the PEMPAL during each Strategy period.

Governance Structure

25. **PEMPAL's institutional and governance structure has been a key success factor and maintaining its quality will be a priority in this Strategy period.** PEMPAL will continue to operate within its well-established institutional and governance structure and strong accountability framework. The governance structure comprises:

- **Steering Committee.** The Steering Committee serves as the Technical Advisory Group. It oversees COP activities and approves annual COP and cross-COP action plans, reviews and approves budgets, and monitors progress against the agreed results framework. The Steering Committee comprises COP Executive Committee Chairs and Deputy Chairs and representatives of the World Bank and donors with a rotating chair.
- **Executive Committees.** The three Executive Committees lead COP activities. The Executive Committee comprises representatives from up to nine member countries. Each COP elects a Chair on an annual basis. Given the new focus on cross-COP integration, the cross-COP leadership will have regular meetings to plan and implement cross-COP action plans.
- **World Bank Resource Team.** The World Bank provides technical expertise and content support. The team comprises experts with relevant practical experience, most of whom have previously worked directly with Ministries of Finance, Treasuries, or related authorities in the Europe and Central Asia (ECA) region.
- **Secretariat.** The PEMPAL Secretariat provides administrative support. Managed by the World Bank.

26. **In line with established processes, the Strategy will be operationalized through a network-level Strategy Implementation Activity Plan and annual COP actions plans, while cross-COP action plans will be added.** COP and cross-COP action plans will include thematic priorities identified by the members themselves. Online surveys and member consultations will be used to identify members' thematic priorities to incorporate the top common priorities into action plans.

27. **The three thematic COPs will play an important role in supporting the development and implementation of a cross-COP agenda.** Each of the COPs will continue operating focused working groups on specific relevant topics, but COP working groups will be restructured to reflect changing priorities during the strategy period. Cross-COP activities and working groups will be added, and a broader range of institutions/ministry departments will be engaged to cover the PFM implications of the new thematic issues. Advanced and innovative international PFM standards and good practices will be emphasized.

Program Budget

28. **The total baseline cost estimate of US\$ 11.4 million for 2026-2030 is broadly in line with the current Strategy costs but with significant adjustments in the allocation of resources across activities.** Figure 4 presents baseline budget estimates. The proposed allocation for cross-cutting activities is increased from 10 percent of the budget under the 2017-2025 Strategy to 29 percent in the 2025-2030 Strategy. This adjustment allows PEMPAL to support innovative reforms across the PFM cycle and enhance support for ministries of finance to address development priorities. Component 3 provides small-scale COP-specific or cross-cutting

direct country-to-country peer advice and capacity building, which were previously provided through COP activities. Component 4 expands PEMPAL's investment in knowledge products to support PEMPAL members to address development challenges. Component 5 covers program management, administration, logistical support costs, and program visibility and communications,¹ totaling at just 12 percent of the budget. Budget allocations may be adjusted during implementation to reflect emerging priorities and experience in implementation. The proposed budget reflects network efficiencies to reduce costs, primarily limiting the number and size of face-to-face events.

Figure 4.

Baseline budget estimate and source of financing for PEMPAL in 2026-2030 (in US\$'000)

	FY26	FY27	FY28	FY29	FY30	Total
1. Cross-cutting PFM reforms	550	700	670	670	710	3,300
2. Core PFM Systems	800	800	800	800	800	4,000
3. Country-level support	120	190	230	230	190	960
4. Knowledge products	190	400	400	400	400	1,790
5. Program Management	250	250	350	250	250	1,350
TOTAL	1,910	2,340	2,450	2,350	2,350	11,400
External Partners	1,433	1,755	1,837	1,763	1,762	8,550
Members	477	585	613	587	588	2,850

¹ A new modernized and more comprehensive PEMPAL website will be launched and fully established before the Strategy implementation starts. It will provide easy access to PEMPAL products. Streamlined and impact-focused annual reports will be published and circulated to the member countries' Ministers of Finance, the program donors, and the international organizations that provide country-level PFM support. Semi-annual newsletters will also be prepared, while social media channels will be considered for event announcements (in addition to PEMPAL website).

29. The budget proposes to increase the members' contribution from 8 percent currently to 25 percent in the 2025-2030 Strategy period. In-kind contributions currently cover around 5 percent of the total cost. The financial contributions currently stand at 3 percent. These are contributions from member countries to cover parts of the costs of the events and/or send self-paying representatives to meetings. The Strategy proposes to increase financial contributions to 20 percent. A PEMPAL membership-fee was considered but is not feasible. This would require PEMPAL to become a formal international organization and require each member country to go

through official parliamentary procedures to assign resources. Members highlight the value of PEMPAL as an informal professional network that bypasses (geo)political complexities. Not all member countries will be able to provide direct financial contributions as donors. Consequently, the Strategy proposes a combined approach in which member countries would provide different types of voluntary financial contributions: as direct financial contributors to PEMPAL; by co-financing PEMPAL events; and by co-financing event participation covering travel/accommodation costs.

Risks

Political and commitment risks

30. PEMPAL could lose membership due to a lack of political support or recognition of the value of PEMPAL in member countries, regional conflicts, or strained political and diplomatic relations.

To mitigate this risk, PEMPAL will continue and strengthen outreach to keep Ministers of Finance and senior officials in member countries informed and directly engaged in PEMPAL work. COP representatives and the World Bank will promote PEMPAL services and benefits in their meetings with ministries of finance. The technical value-add of PEMPAL for the PFM administrations reinforces the program's credibility and legitimacy among its member countries. PEMPAL members will inform the country-level PFM partnering organizations about PEMPAL's activities. The Steering Committee will continuously monitor developments in the region and implement mitigation activities in case of need.

Social capital loss risks

31. PEMPAL has built impressive social capital. This is one of the key factors in its success so far and will be instrumental in achieving more ambitious objectives in the new strategy period. If core COP members are lost, the network may start to lose its cohesion and connections between members. To mitigate this risk, PEMPAL will maintain continuous activities throughout the year, including face-to-face events, virtual events, and ongoing correspondence. PEMPAL leadership will continue investing efforts to generate ownership and identify and grow internal

leaders among members. Face-to-face and virtual or hybrid events will be carefully balanced to maintain the connections among members that build the network's social capital.

Policy direction risk

32. This risk arises where countries and members have significantly different thematic priorities and interests and/or are at significantly different reform levels. PEMPAL will continue systematic collection of member countries' areas of interest annually, with transparent prioritization by Executive Committees. PEMPAL leadership will ensure that the member countries' PFM reform status and trends are monitored and reported and that this informs Executive Committee decisions on Action Plans along with the thematic priorities collected from the member countries. PEMPAL will monitor emerging PFM topics within COP Action Plans to facilitate member countries' access to knowledge and information sharing on key global issues. The peer advice component will provide space for country-to-country exchange of information and insights. PEMPAL will continue and expand on thematic surveys to contribute to growing internationally comparable data on PFM practices in the ECA region, capturing the reform levels in different countries. PEMPAL will continue identifying policy drivers and conflicting/different thematic advice/options and ensure that PEMPAL materials and knowledge products do not advocate for prescriptive one-size-fits-all advice, but rather provide options to be considered by each country, given its context and capacities.

Financial risks

33. **These risks are related to securing network funding.** The Steering Committee will continuously monitor funding commitments and disbursements and undertake fundraising, with the aim to secure full FY26-FY30 Strategy funding by 2027. Member countries' financial and in-kind contributions are targeted to increase significantly from 8 percent to 25 percent of PEMPAL expenses in the new Strategy period. Cost efficiency measures will be implemented, including: cost sharing by conducting joint activities with partnering organizations and by collaborating (in terms of external speakers, meeting materials, and other content resources) with other PFM networks and guest PFM practitioners from countries outside of the PEMPAL beneficiary countries; holding face-to-face meetings in locations where the hosting

country or organization can contribute to lowering meeting costs or where meeting facilities/equipment can be provided at reduced costs by international organizations (e.g., World Bank facilities) when possible, while considering airfare costs depending on location with regional meetings to be considered; implementing hybrid approach to provide video-connection options for face-to-face meetings and/or recording the events (caution should be taken, however, to ensure the continuation of face-to-face meetings and in-person attendance of core active members to preserve network's social capital as outlined above); and going 100 percent green with full elimination of printing of materials. The Steering Committee could advise enforcement of a lower-cost scenario in case of lower-than-projected funding. This could include using network efficiencies to reduce costs, primarily limiting the number and scope of face-to-face events.

PEMPAL 2026-2030 Results Framework

Program Development Objective: To strengthen the capacity of ministries of finance of member countries to design and implement PFM systems that address their national development policy priorities.

Outcomes and outputs	Indicators	Targets	Timeline (FY)
Program Outcomes			
<ul style="list-style-type: none"> ■ Member countries implement PFM reforms that address their development priorities and are aligned with relevant international standards and good practices, as informed by PEMPAL activities. ■ PFM staff capacities of member countries are strengthened as a result of knowledge gained through PEMPAL. 	<ul style="list-style-type: none"> ■ Number of countries showing progress in PFM practices ■ Number of countries reporting moderate or significant impact of PEMPAL on PFM reforms ■ Number of countries reporting moderate or significant impact of PEMPAL on PFM staff capacity ■ Level of implementation of actions from country-level PEMPAL action lists agreed with the Ministers 	<ul style="list-style-type: none"> ■ At least five member countries showing progress in PFM practices reported by assessments (such as PEFA and Open Budget Index)² ■ At least ten member countries showing progress in different PFM practices in PEMPAL thematic surveys ■ At least ten member countries with at least 75% of implemented actions from their country-level PEMPAL action list (two sets of country action lists for the Strategy period, one at the beginning and one at mid-term point, set/verified by the Ministers of Finance) ■ At least ten member countries reporting (by Ministers of Finance) moderate or significant impact of PEMPAL on PFM reforms in their country ■ At least twelve member countries reporting (by Ministers of Finance) moderate or significant impact of PEMPAL on PFM staff capacity in their country 	

² All five outcome indicators to be reported every two years, given the time cycle from reform initiation, through design, enforcement, and implementation. They target new improvements in this Strategy period, thus baseline as of 2025 is zero.

Outcomes and outputs	Indicators	Targets	Timeline (FY)
Program Outputs			
<ul style="list-style-type: none"> ■ Regional PEMPAL peer learning events for cross-cutting PFM reforms, with event materials and access to experts (COMPONENT 1: Cross-cutting PFM reforms - regional peer learning) ■ Regional PEMPAL peer learning events in COP topics (budgeting, treasury, and IA) with event materials and access to experts (COMPONENT 2: Reforms in COP topics - regional peer learning) ■ PEMPAL Country-level capacity building through working meetings and events, with access to experts and materials (COMPONENT 3: Country-level capacity building) ■ PEMPAL knowledge products/tools/digital solutions (COMPONENT 4: Knowledge products) 	<ul style="list-style-type: none"> ■ Number of COP member countries reporting using knowledge from events in their work ■ Members' assessment of the quality of content support/coordination provided by the RT and external experts/speakers ■ Members' satisfaction with events ■ Number of events ■ Number of high-level officials at events 	<ul style="list-style-type: none"> ■ At least fifteen member countries reporting using knowledge from knowledge products/tools and events in their work ■ Average members' assessment of the quality of content support/coordination provided by the RT and external experts/speakers at 4 (on a scale 1-5) ■ Average members' satisfaction with events at 4 (on a scale 1-5) ■ At least two-thirds of members assessing the quality of knowledge products/tools as good or high ■ At least three knowledge products/tools ■ At least fifteen high-level government officials/Ministers at PEMPAL events ■ At least five events held 	2026-2030

