

Fact Sheet 2015 Development Policy Financing Retrospective

About the 2015 DPF Retrospective: The 2015 Development Policy Financing Retrospective reviews the World Bank's use of its Development Policy Financing (DPF) instrument over the past three years to distill emerging lessons. DPF is a lending instrument that provides general budget support to countries for policy and institutional reforms that help them achieve development results. Examples of country reforms supported include strengthening public financial management, improving the investment climate, addressing bottlenecks to improve service delivery, and diversifying the economy. Every three years, the World Bank distills lessons from DPF Retrospectives as part of an ongoing effort to learn from implementation. This is the fourth Development Policy Financing Retrospective since the Operational Policy (OP 8.60) was introduced in August 2004.

Coverage and timing: The Retrospective will cover all DPF operations approved by the World Bank's Board of Executive Directors between April 1, 2012 (the cut-off date for the 2012 Retrospective) and December 31, 2014. The Retrospective will also present long-term trends of DPF, covering the entire first 10 years of the instrument.

Scope: The Retrospective will be anchored on the 2013 World Bank Group Strategy, which outlines how the World Bank Group (WBG) will work in partnership to help countries end extreme poverty and promote shared prosperity in a sustainable manner. As one of the key instruments to support country reforms that contribute to growth and poverty reduction, DPF supports a diverse set of countries ranging from low-income countries such as Liberia to middle-income countries such as Brazil. However, reform content varies greatly, in line with the country's priorities and national development programs, and spans many different sectors. This Retrospective will therefore focus on three key questions: (1) How are countries' policies supported by DPF conceptually linked to poverty reduction and shared prosperity? (2) How successful have DPOs been at achieving their intended results, and have the results been sustained? (3) To what extent do countries' development reforms supported by DPF account for environmental, social and economic sustainability?

Recent Trends in the Provision of DPFs

Over the past three years, DPF has remained an important financing and policy dialogue instrument for both IDA and IBRD. Between Q4 FY12 and Q1 FY15, the Board approved a total of 147 DPOs, compared with 221 operations approved between the last quarter of FY09 and the third quarter of FY12. Total DPF commitments for the approved operations reached approximately \$28.4 billion, a nominal decrease of 36 percent compared to the previous Retrospective. Commitments in the form of DPF included \$23.5 billion of IBRD funds and \$4.7 billion of IDA funds. There were also \$231 million in DPO commitments through trust funds.

Table 1: Share of DPOs in total Commitments, Q4 FY12 - Q1 FY15

| Q4FY12-Q1FY15 | # Operations | Commitments (\$ mn) | IBRD Commitments (\$ mn) | IDA Commitments (\$ mn) | TF/OTH Commitments (\$ mn) |
|---------------|--------------|---------------------|--------------------------|-------------------------|----------------------------|
| AFR | 48 | 2,155 | 63 | 2,092 | - |
| EAP | 27 | 6,215 | 5,000 | 1,215 | - |
| ECA | 24 | 9,148 | 8,852 | 273 | 23 |
| LCR | 26 | 6,834 | 6,772 | 35 | 28 |
| MNA | 14 | 2,673 | 2,593 | - | 80 |
| SAR | 8 | 1,418 | 202 | 1,116 | 100 |
| Total | 147 | 28,442 | 23,482 | 4,730 | 231 |

Approximately, 44 percent of IDA commitments were for the Africa Region (AFR), followed by East Asia and Pacific Region (EAP) with 26 percent (figure 1). On IBRD DPF commitments, the Europe and Central Asia Region had the largest share of commitment of about 38 percent, followed by Latin America and the Caribbean Region (LCR) with 29 percent. In terms of the number of operations, the AFR had the largest share of 33 percent, followed by EAP with 18 percent.

Figure 1: Regional Distribution of Commitments and Operations, Q4 FY12 - Q1 FY15

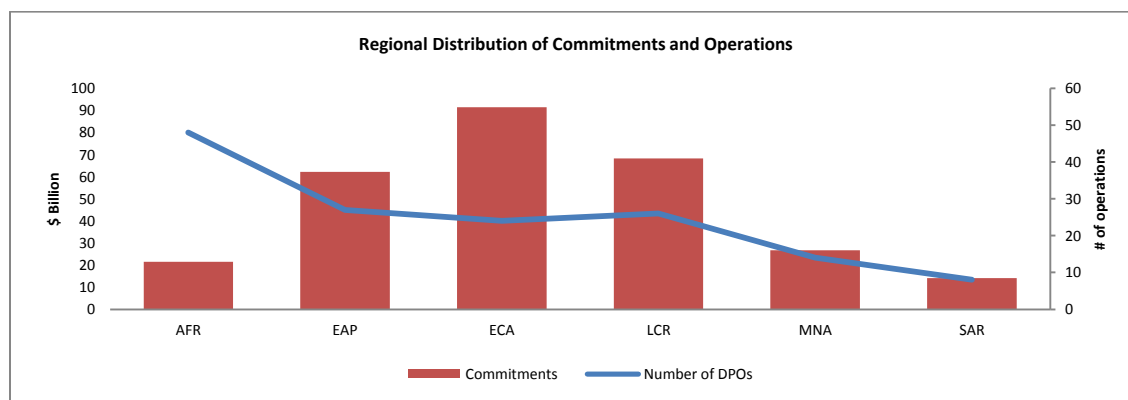


Figure 2: Share of DPF operations in total commitments, FY05-14

