2015 Development Policy Financing Retrospective
Case Study Highlights

The 2015 Development Policy Financing (DPF) Retrospective analyzes development policy operations between April 1, 2012 and December 31, 2014 and presents long-term trends in development policy financing, covering the first 10 years of the instrument.

Special Themes

Governance

Burkina Faso – PFM: The second generation reform in public financial and budget management include enhancing budget transparency at subnational level and risk-based audits of public accounts. (p. 17)

Colombia – Social Protection: A third set of next generation reforms include further improvements in the targeting of the program for elderly poor and measures to improve reimbursement rates for pharmaceuticals under the pension system. (p. 17)

Rwanda – Social Protection: Policy actions include the coordination of social protection programs within a single system; effective institutional arrangements for the management of social protection; launch of social protection strategy; and the establishment of social protection systems. The second generation reforms aim to improve efficiency, accountability and transparency. (p. 17)

Gender

Brazil – 2014 DPOs to Amazonas, Bahia, Acre and Rio de Janeiro: Contributed to the establishment of a Secretariat for Women to strengthen the institutional framework; scaled up state and municipal support programs aimed at protecting women in situations of violence and vulnerability; strengthening the violence prevention programs; promoting gender equality programs in the transport sector; improving the quality of maternal and newborn health services for high-risk pregnancies, among others. (p. 18)

Burkina Faso – 2013 Second Growth and Competitiveness Grant: Focus on financing of business creation and working capital in support of women involved in microfinance businesses. (p. 18)

Colombia – 2014 Enhancing Fiscal Capacity to Promote Shared Prosperity DPO: Measures aimed at protecting victims of gender violence. (p. 18)

Ghana – 2005-2008 PRSC III-IV: Implemented measures to reform the fee exemption policy to target the poor for maternal deliveries in four deprived regions, for all government-controlled fees, in all public primary schools for disabled, among others. (p. 18)

Environmental sustainability and climate change-related actions

Indonesia – 2010 Climate Change DPO: Focus on reforms that contributed to improved policy coordination of hotspots/clearing of peat lands; an improved policy framework to promote renewable energy development and investment; an establishment of strategic water management plans in key river basins, among others. (p. 18)
Mozambique – 2013 Climate Change Programmatic DPO Series: Strengthening the national policy and institutional framework for climate-resilient planning and climate resilience of sectors aimed at addressing the impact of climate change and extreme weather shocks on growth and poverty reduction. (p. 18)

Vietnam – 2014 Climate Change DPO: Measures to develop climate change resilience by improving the resilience of water resources; lower carbon intensity development by exploiting energy efficiency potential; as well as strengthening policies and institutional readiness to formulate, prioritize, finance, implement and monitor Cross-Cutting Climate Change Policies. (p. 18)

Morocco – First Inclusive Green Growth DPO: Enhance environmental stewardship and contribute to Morocco’s sustainable development agenda through establishing and growing new sectors in rural areas, develop the aquaculture sector. (p. 39)

India – DPO to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh: Support making a paradigm shift towards and environmentally sustainable model of economic growth. (p. 39)

**Fragility and vulnerability: emergency response**

Guinea – 2014 Emergency Macroeconomic and Fiscal Support Grant: Strengthen government’s capacity to manage public funds in response to the Ebola crisis; improve the monitoring and communication functions of the administration for managing the Ebola crisis; increase transparency and effective implementation of the budget; and improve overall public finance performance and governance. (p. 19)

Sierra Leone 2014 Emergency Economic and Fiscal Support DPO: Strengthening budget management and reducing fiscal risks heightened by Ebola, as well as improving transparency and accountability for public resources to ensure that the government’s Ebola Response Plan is efficiently executed. (p. 19)

Liberia – 2014 Second Poverty Reduction Support DPO: Strengthening fiscal/budget management and transparency in the use of public resources in addition to broader goals of sustaining and deepening government-owned efforts to reform governance and civil service. (p. 19)

**Alignment of prior actions with poverty reduction and shared prosperity**

Afghanistan – 2014 Economic Growth DPO: Support to the new draft minerals law aimed at improving security of tenure for private investors, providing guidance on licensing, tendering and mining obligations, and strengthening social and environmental safeguards. This action is expected to contribute to poverty reduction and shared prosperity by improving regulatory environment, service delivery and labor market conditions. (p. 21)

Brazil – 2012 Brazil Bahia DPO: Enhancing the pro-poor effects of improvements in the access and quality of public health services by supporting the adoption of statewide policy on primary health care within the Bahia territory. (p. 21)
Findings from Independent Evaluation Group

IEG Project Performance Assessment Reports

Tanzania – Evaluation of two programmatic series of eight closed Poverty Reduction Support Operations: the importance of a fully developed results framework and regular reporting on key outcome indicators is critical for overall success, as is the direct and sustained focus on clarity of vision over the entire course of implementation of multi-year PRSC programs. (p. 31)

Vietnam – Evaluation of the second PRSC series: IEG noted high relevance of objectives, modest relevance of design, substantial achievements in business development and social inclusion objectives, and modest achievements in environmental and governance objectives. (p. 31)

Uganda – Evaluation of two programmatic series of five closed Poverty Reduction Support Operations: learning from the past has been a key feature between the two series. The second series featured better design and outcomes, even though the overall environment for budget support became more difficult. The overall outcome of the first series was assessed as moderately unsatisfactory, and that of the second series moderately satisfactory. (p. 32)

IEG Learning Product

IEG’s learning product “How Does Knowledge on Public Expenditures Integrate with the Design of Development Policy Operations?” finds that there is a solid degree of timeliness, availability and thematic overlap as well as integration between PER knowledge and DPOs. Examples include:

Romania – Financial Management and Social Protection DPO Series: Findings of PERs were directly used in the DPO series. (p. 47)

Peru – Fiscal Management and Competitiveness DPO Series: Well-timed PERs integrated into the series and provided the basis for the policy dialogue on PFM and fiscal transparency, among other issues. (p. 47)

Sustainability of Reforms

The use of Country Environmental Assessment (CEA) and Policy Strategic Environmental Assessment (Policy SEA) in DPF

Armenia – First DPO: Focus on strengthening competitiveness and enhancing fiscal, social and environmental sustainability. The Armenia CEA identified shortcomings in the environmental policy, which would affect the environmental management of mining operations. Thus the prior action to strengthen the EIA legislation and enhance the implementation of the regulatory provisions concerning environmental and social issues in the mining sector was included in the DPO. (p. 37)

Mozambique – Second Climate Change DPO: Focus on strengthening the national policy and institutional framework for climate resilient planning and strengthening climate resilience of sectors. An SEA found that most of the DPO-supported reforms will likely result in either positive or not significant environmental effects. The analysis also identified possible instances of indirect, negative environmental impacts, such as from the Renewable Energy Feed in Tariff that seeks to
improve access to renewable energy. This could have site-specific negative effects and cumulative effects may result from investment in multiple small hydropower. To address the issue of cumulative impacts, a Decree of Strategic Environmental Assessment is being finalized. (p. 37)

Good Practice Examples of Mitigating Negative Effects of Reforms

**Albania – First Public Finance DPO:** Included a prior action to implement a flat rate for all non-metered household customers to improve electricity tariff collection. Although this action was necessary from a macroeconomic and fiscal sustainability point of view, it could have negative short-term effects on poor households. To mitigate this potential social risk, the Program Document noted that the Albanian government would provide energy subsidies to the poor and vulnerable household through direct social assistance transfers. (p. 42)

**Vietnam – Power Sector Reform DPO:** Included a prior action to establish a methodology to determine annual retail electricity tariffs. The Program Document presented a series of alternative reform scenarios and found that the impact on poor households was going to be small, with electricity remaining affordable to all income groups. It also discussed the systems in place to mitigate those effects, including a system of direct cash transfers to poor households. (p. 42)

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