



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 15-May-2020 | Report No: PIDISDSA28555

**BASIC INFORMATION****A. Basic Project Data**

Country Mali	Project ID P171636	Project Name AF Deployment of State Resources for Better Service Delivery	Parent Project ID (if any) P164561
Parent Project Name Mali Deployment of State Resources for Better Service Delivery	Region AFRICA	Estimated Appraisal Date 13-Apr-2020	Estimated Board Date 15-Jun-2020
Practice Area (Lead) Governance	Financing Instrument Investment Project Financing	Borrower(s) Republic of Mali	Implementing Agency Ministry of Finance

Proposed Development Objective(s) Parent

The project will improve the availability and timeliness of resources from the central government to Local Governments (LGs), and service centers, as well as the management and accountability of these resources by LGs and service centers.

Components

Supporting Deployment to and Management of Resources to Local Governments
Strengthening Institutions and Capacity for More Inclusive and Accountable Local Governments
Project Management

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	28.20
Total Financing	28.20
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	28.20
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Trust Funds

28.20

Environmental Assessment Category

C-Not Required

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

1. **Since the appraisal and approval of the parent project, the security situation in Mali has further deteriorated, putting greater pressure on the state to provide critical services across the country.** Since the beginning of 2019, the occupation of northern regions by armed groups and the emergence of religious extremists in the northern and central regions has continued to contribute to fragility, conflict, and violence. Islamist militants have sustained their armed campaign against the Malian state and its allies, regularly carrying out attacks on military and civilian targets, making these regions particularly unstable. At the same time, intercommunal violence, fueled by extremist groups using latent disputes and frustrations, largely centered around Mopti Region, has intensified over the calendar year. As a result, there has been a significant increase in internally displaced persons (IDPs) from 84,000 in February 2019 to 187,000 in September 2019. According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) estimates in November 2019, some 3.9 million persons are in urgent need of assistance. Security risks are no longer limited to northern Mali, and extremists who are not part of the peace process intimidate the population and disrupt public service delivery. Over the recent past, more than 1,050 schools have closed, and more than 150,000 children are out of school; likewise, a total of 91 health centers have closed, affecting the delivery of vital health services.

2. **The political and security crisis in Mali led to a renewed emphasis on the decentralization agenda to tackle insecurity and restore stability.** Starting with the National Pact and Constitution of 1992 and moving to the 2006 Accord for the Restoration of Peace and Security and the 2015 Agreement of Peace and Reconciliation, some formal authority was decentralized, but subsequently consolidation of decentralized governance has lagged with many overlaps between local authorities and deconcentrated technical units regarding the functions and activities legally transferred. Transfers of financial resources are not commensurate with the decentralization and devolution of responsibilities, with the level of overall resources of LGs in Mali remaining lower than other West African Economic and Monetary Union (WAEMU) countries. As a result, the GoM's goal to achieve 30 percent of budget resources transferred to LGs by 2018 only reached 19.77 percent by the end of 2018 and is expected to reach 21.35 percent in 2019. Finally, public administration capacity remains weak at both at the national and subnational levels: The Central Government is facing challenges in managing the fiscal transfer mechanism, communicating effectively, and providing assistance to subnational governments, whereas LGs perform their duties with great difficulties, little funding, and little assistance.

3. **Currently a base grant program exists, which is supported by component 1 of the existing project.** The base grant, largely funded by GoM resources, is allocated across the 752 communes¹ in Mali. The planned budgeted FNACT allocation for 2020 is 400,104 billion FCFA which represents 23.01 percent of budgeted revenue (compared to 348,603 billion FCFA in 2019 or 21.35 percent of budgeted revenue). The existing allocation formula

¹ The 752 communes include the list of communes in the new regions of Menaka and Taoudeni.



includes four performance indicators among other socio-economic indicators, namely: (i) the mobilization of fiscal resources calculated on the recovery rate of the Tax for Regional and Local Development (TDRL) per communes; (ii) the number of regular quarterly LG council sessions held; (iii) the number of verbal proceedings of regular quarterly sessions sent to the trusteeships; and (iv) the transmission period of the administrative accounts for the year N-2, compared to March 31 of the year N-1. Despite this program, a gap remains in achieving the 30 percent target for transferred budget resources to LGs.

4. **Against the background of a deteriorating security situation and slow pace of decentralization, urgent action is needed to incentivize change both at individual and organizational level in areas of governance, inclusiveness, accountability, transparency, and service delivery.** In this regard, the GoM is intending to supplement the existing base grants with a performance-based approach as part of its decentralization strategy and to incentivize better results in LGs. Recently, a pilot project under the Urban Local Government Support Project (*Projet D'appui aux Communes Urbaines du Mali*, PACUM, P116602), focused on developing the institutional underpinnings of improved service delivery through a Performance-Based Grant (PBG). Under such a mechanism, 14 LGs were responsible for implementing the PBG program with the assistance of government support structures reinforced by the project. Based on the lessons learned² from these initial experiences as well as various PBG studies, the government is in favor to use and expand the instrument of PBGs to enhance the general and service delivery capacity of LGs.

5. **The AF will respond to exogenous developments in the operating environment and scale up activities for increased coverage and impact.** In addition to supporting the three components of the original project, which aim to improve the availability and timeliness of resources as well as capacity for their management, the AF will respond to:

- Responding to a Deteriorating Security Situation
- Bolstering Momentum and Incentives for Decentralization
- Improving Donor Coordination and Response
- Supporting Enhanced Monitoring and Management Capacities

6. **Responding to a Deteriorating Security Situation.** The unstable operating environment has led to the closure of numerous schools and health centers, leaving citizens without access to critical social services. At the same time, IDPs are putting increased pressures on LGs across the country, which do not have the fiscal resources or administrative capacities to ensure security and service delivery. As such, the AF will address these emerging challenges by providing co-financing of an additional US\$26 million to component 1 in order to bolster the base grants provided to 10 of the 752 communes across the country. Importantly, these resources will ensure that these LGs will have more means to respond to the additional service delivery challenges emerging since the beginning of 2019.

7. **Bolstering Momentum and Incentives for Decentralization.** The proposed AF will support the Government's decentralization agenda, a key element of the 2015 Agreement for Peace and Reconciliation, to which the Government is strongly committed by providing co-financing of an additional US\$26 million. While component 1 of the parent project is designed to incentivize the Government to increase the availability and timeliness of regular intergovernmental transfers (conditional and unconditional) to LGs and attain a target of 30 percent of budgeted fiscal revenue transferred to LGs, the AF will complement the parent project with incentives

² Lessons learned from PACUM include: (i) the need for technical assistance to communes to ensure that PBG turn into investments; (ii) the need to ensure a strong and systematic approach to citizen engagement; (iii) the need to simplify and decentralize performance evaluation; and (iv) the need for strong definition of performance indicators and feed-back to local governments on qualitative aspects of performance.



directly targeted to participating LGs based on a performance-based grant mechanism. As such, the AF seeks to capitalize on the achievements made under the PACUM project by scaling up from 14 to 100 communes—further building on the evaluation experience accumulated in the General Directorate of Local governments (DGCT) in the pilot phase.

8. **Improving Donor Coordination and Response.** The proposed AF builds on the longstanding engagement in decentralization of the WB and other donors and will benefit from synergies with other WB operations and a harmonized donor approach. The design of the AF benefits from the knowledge and experience in the sector, including that of the co-financiers who are contributing to the MDTF (Switzerland and The Netherlands) as well as other donors (EU, France, Belgium, and Germany³). Going forward, the AF will harmonize and consolidate interventions in decentralization, support procedural time gains, and increase cost effectiveness using a single PIU, enhanced performance-based mechanisms, and consolidation of technical assistance and capacity building activities. Finally, the AF will mutually benefit other WB investment project financing (IPF) in health and education⁴ and from the Development Policy Operation (DPO)⁵ under preparation.

9. **Supporting Enhanced Monitoring and Management Capacities.** In addition to adding additional resources for the basic grants and performance grants, the AF will provide US\$2.2 million for additional capacity building and technical assistance for improved project management. This includes: (i) training and coaching of for central level institutions managing the decentralization agenda; (ii) training and coaching for communes not capable of meeting minimum conditions as well as to enhance commune's performance against the set of performance indicators; and well as (iii) the necessary Materials and Equipment for the Regional Planning and Statistical Unit (DRPSIAP) for project oversight. To ensure the better monitoring of results, the restructuring will include the addition on one DLI as well as supplementary IRIs to track the project progress.

C. Proposed Development Objective(s)

Original PDO

The project will improve the availability and timeliness of resources from the central government to Local Governments (LGs), and service centers, as well as the management and accountability of these resources by LGs and service centers.

Current PDO

The PDO remains the same as that of the original project. The project will improve the availability and timeliness of resources from the central government to Local Governments (LGs), and service centers, as well as the management and accountability of these resources by LGs and service centers.

Key Results

- The percentage of central government budget transferred to LGs. This indicator measures the availability of resources to LGs.
- Time it takes for the payment of LG expenditures to service centers and other service providers in participating LGs. This indicator measures the timeliness of availability of allocated resources to LGs.
- The percentage of public primary schools operational 30 days after the start of the school year in participating LGs. This indicator measures the availability, timeliness, and use of resources in the schools.

³ Other partners such as Germany, not yet included in the MDTF, will be involved in a wider steering committee

⁴ Accelerating Progress Towards Universal Health Coverage project (P165534) and Improving Education Quality and Results for All Project (P164032)

⁵ Sustainable Energy and Improved Service Delivery for Increased Stability Development Policy Financing (DPF) (P167547)



- The percentage of health infrastructures (CSCoM) with an average score for quality of facility (based on a checklist) of 70 percent in participating LGs. The indicator measures the availability, timeliness, and use of resources in CSCoM.
- The number of communes with functional CDQs/Vs providing regular community feedback to LGs and/or DGCT. This indicator measures management of funds and accountability at the local level.

D. Project Description

10. **The proposed AF operation seeks to add a total of US\$ 28.2 million to the original IDA funded project (P164561).** The additional financing includes US\$26 million for the new sub-component 1b, financing performance-based grants to 100 participating communes and US\$2.2 million for technical assistance to operationalize the PBGM.

Table 1: Distribution of Additional Financing

Component	Original IDA Amount	Additional Finance Amount	Total	AF Source	Modality
Component 1a: Base Grants	US\$32.2 million	-	US\$49.0 million		
NEW Component 1b: Performance Based Grant Mechanism	US\$0 million	US\$26.0 million	US\$26.0 million	SDC (US\$12 million)/ RDEM (US\$14 million)	MDTF
Component 2: Technical Assistance and Capacity Building	US\$16 million	US\$2.2 million	US\$18.2 million	SDC (1 million)/ RDEM (US\$1.2 million)	MDTF
Component 3	US\$1.8 million	-	US\$1.8 million		
	US\$50.0 million	US\$28.2 million	US\$78.2 million		

E. Implementation

11. **Implementation arrangements for the AF remain unchanged from the Parent Project.** The AF will use the same Steering Committee headed by the Ministry of Economy and Finance (MEF) with support of the Ministry of Land Administration and Decentralization (MATD). The AF will also use the same PCU in MEF which will be responsible for the day-to-day project coordination and fiduciary responsibilities. The coordinating unit established under the Parent Project at DGCT, will manage part of the performance grant mechanism.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

G. Environmental and Social Safeguards Specialists on the Team

Mahamadou Ahmadou Maiga, Social Specialist
Tolidji Blaise Donou, Environmental Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
No specific measures as the safeguards risk was assessed as low.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.



B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

CONTACT POINT

World Bank

Fabienne Mroccka
Sr Financial Management Specialist

Tahirou Kalam
Sr Financial Management Specialist

Borrower/Client/Recipient

Republic of Mali

Implementing Agencies

Ministry of Finance
Sidiki Traore
Budget Director
sdktra@yahoo.fr



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Fabienne Mroczka Tahirou Kalam
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Approved By

Safeguards Advisor:	Johanna van Tilburg	20-May-2020
Practice Manager/Manager:	Alexandre Arrobbio	21-May-2020
Country Director:	Kofi Nouve	22-Jun-2020