

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB1248

Project Name	Mali Rural Community Development Project
Region	AFRICA
Sector	General agriculture, fishing and forestry sector (50%);Other social services (30%);Agricultural marketing and trade (15%);Sanitation (5%)
Project ID	P040653
Borrower(s)	GOVERNMENT OF MALI
Implementing Agency	Ministry of Social Development, Solidarity and Senior Citizens Mali
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input checked="" type="checkbox"/> S ₂ <input type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
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1. Country and Sector Background

Country Overview and the PRSP

With a per capita income of US\$300 (2004), Mali is one of the world's poorest countries according to UNDP social indicators. Poverty rate is estimated to be 64 percent (2002). The country – which is landlocked – is one of the largest in Africa with a surface of 1,204,000 square kilometers and a population of 11.6 million (2004) growing at an annual rate of 2.4 percent. Agro-climatic zones range from Saharan (less than 150 mm of rainfall) in the north to Guinean or sub-tropical (1,200 mm of rainfall) in the south. Growth in the agricultural sector is constrained by low and irregular rainfall, poor and fragile soils, as well as generally low productivity because of the widespread use of traditional technologies. Economic infrastructure, particularly transport and communications, is weak and human capital is underdeveloped as shown by indicators on health and education levels. Poverty in Mali is essentially a rural phenomenon with the rural poverty incidence three times higher in rural areas than in urban centers. The poorest of the population are rural households engaged in subsistence agriculture. The most vulnerable parts of the population are women, children suffering from malnutrition, young people with no access to employment and the elderly.

Mali's Poverty Reduction Strategy Paper (PRSP), completed in May 2002, was endorsed by the Boards of the World Bank and IMF in March 2003 and is supported by the donor community. In 2002-03, Mali made satisfactory progress towards the PRSP objectives. The policy direction and quantitative objectives of the PRSP are based on a vision of sustained and poverty-reducing growth. The strategy lays out four pillars: (i) creating a macroeconomic environment for accelerated and re-distributive growth in a context of macroeconomic stability and openness,

driven by the private sector; (ii) promoting institutional development, governance and participation; (iii) developing human resources and access to quality basic services; and (iv) building basic infrastructure and developing productive economic activities.

Constraints and Issues for Rural Development

Poverty reduction and growth in the rural sector are severely constrained by a number of factors such as geographic, climatic, human, poor public basic infrastructure and social services, weak programming and access to financing for public and private investments.

Poor Natural Endowment. Mali's agro-climatic zones range from Saharan (less than 150mm of rainfall) in the North to Guinean or sub-tropical (1,200mm of rainfall) in the South. The most binding constraint to agricultural production is the limited amount and unreliability of rainfall. Agriculture in Mali is primarily rain-fed except for some surface water irrigation, mainly along the Niger river used to produce sufficient rice for country's need. Over the past 30 years, the country has experienced declining and erratic rainfall and a southward movement of desertification. This, coupled with poor and fragile soils, has led to short and seasonal agricultural activities. In the 1980s, severe droughts left an estimated 1.4 million rural residents highly vulnerable to food shortages.

Degradation of Natural Resources. The renewable natural resources that constitute the basis for sustainable agricultural production (soil, water and vegetation) are severely affected by the harsh climate described above. Another factor affecting these resources is the growing population which has put unsustainable pressure on agricultural and non-agricultural lands. These populations are still practicing forms of agriculture such as slash and burn and shifting cultivation that are not anymore possible as shortage of land does not allow for fallow (rest) periods. Also, growing human population is accompanied by increasing livestock population which puts heavy pressure on natural rangelands. These pressures on land and vegetation have caused soil fertility losses, a lowering of the groundwater table, accelerated forest degradation, firewood scarcity, accelerated loss of biodiversity including major big game species and declines in fish harvests in the Niger river (from 120,000 tons to about 50,000 tons per annum).

Limited Public Infrastructure and Social Services. Poor access to social services and poor basic public infrastructure are a leading cause of rural poverty in Mali. Low income rural communities live in non-served or underserved settlements with poor social and environmental conditions. Residents suffer from a range of diseases caused by polluted drinking water, poor sanitation, lack of roads, lack of schools, and inadequate health care. Household access to clean water is probably the single most important determinant of health. The water supply and sanitation sectors have been characterized by lack of systematic community participation; little or no user contribution to the investment of village water systems; the absence of local technical capacity; the ineffectiveness of sanitation and hygiene education programs and total dependence on external resources. The time devoted by women and girls to gathering water and transporting goods is a major constraint to their participation in other economic activities, as well as in literacy and education programs. Limited and unevenly distributed rural infrastructure contribute to slow and uneven growth in the rural areas. Poor networks of rural/feeder roads that are

inadequately linked to agricultural and cattle markets hinder producers from fully exploiting urban and export possibilities.

Top-Down Programming of Investments. Over the last ten years, Mali has genuinely embarked in a process of decentralization and community empowerment and participation and more and more projects are adopting this new approach as is the case for the IDA-funded Natural Resources Management (NRM) and Grassroots Initiative to Fight Hunger and Poverty (GRIP) projects. Despite devolution of authority to the local level, Mali still needs to strengthen delivery of public services at the community level. While the principle of community participation in project design, implementation and monitoring, is formally endorsed, old top-down reflexes are slower to disappear in the public services and as a consequence, financial resources continue to be highly centralized. It is important to devolve the responsibility for managing local development to local populations as this increases long-term sustainability. The new institutional framework created by decentralization offers a conducive framework for strengthening the role of local governments in service delivery and fostering community participation in local development.

Micro-Credit and Lack of Productive (private) Investments. Private investments at the rural level are low and often nonexistent. This is largely attributed to limited access to micro-credit. In Mali, a formal financial sector is almost completely absent in the rural economy. Banks are generally not interested in accepting the high risk, low levels of collateral and high transaction costs involved in lending to smallholders or community groups. Lack of investments in local markets, milk production, crafts, livestock, grain mills, carts for animal traction, small-scale processing, etc means that rural dwellers are often unable to expand their productive investments or enter into new forms of productive micro-enterprise.

Rural Development Strategy

The Ministry of Rural Development prepared a long-term Master Plan for Rural Development (*Schéma Directeur du Développement Rural*) in 1992 and an update in 2001. It includes nine priority action programs that have been integrated into the Poverty Reduction Strategy (*Cadre Stratégique de Lutte contre la Pauvreté – CSLP*): (1) support to agricultural services and producer organizations; (2) development of rural infrastructure and farming equipment; (3) promotion and improvement of the competitiveness of agricultural supply chains; (4) stimulation of exports of agricultural, forestry, livestock and fishery products; (5) intensification and diversification of agricultural production; (6) reinforcement of food security; (7) promotion of financing of the rural sector and rural credit; (8) management of natural resources to sustain rural development; and (9) contribution to the finalization and execution of local development plans. The Bank has been supporting the implementation of the sector strategy through its portfolio of investment operations, ongoing (National Rural Infrastructures Project (PNIR) and Agricultural Services and Producer Organizations Program (PASAOP)) or in preparation (Agricultural Competitiveness and Diversification Project (PCDA) and Rural Community Development Project (PACR)).

Rationale for Bank involvement

Poverty in Mali is essentially a rural phenomenon. Fighting poverty means improving incomes and livelihoods and providing economic opportunities to rural dwellers. As indicated above, the Bank has been strongly supporting the implementation of government's rural development strategy, in the framework of its overall poverty reduction strategy, as formulated in the CSLP, and in line with the Country Assistance Strategy (CAS) for the period 2004-2006 and the sector's Master Plan. The proposed project reflects the commitment to social and economic development of the last CAS, particularly for rural communities. It specifically focuses on poverty alleviation in rural areas through sustainable (agriculture and non-agriculture) economic growth, employment and income generation, private sector development, human capacity development and natural resources protection. It complements other IDA-funded programs supporting public agricultural services (PASAOP), agricultural competitiveness and diversification (PCDA), and large-scale infrastructure (PNIR).

2. Objectives

The development objective of the RCDP is to improve the living conditions of project-supported rural communities in terms of access to basic socio-economic services, sustainable income increase, and improved natural resource management practices. The project would achieve its objective through community empowerment, capacity building (targeting rural communities, rural communes and suppliers of support services to communities), and investments in social, socio-economic, environmental, and economic, sub-projects implemented by these communities. The project will measure progress toward achieving its outcome through the following performance indicators to be measured by using a combination of quantitative and qualitative approaches:

- At least 75% of income-generating sub-projects implemented by the targeted CBOs and communes have a financial rate of return above 10%;
- 80% of the targeted communes perceive significant improvement in environmental sustainability because of project interventions;
- 80% of the targeted communes perceive significant improvement in quality of life because of the project interventions;
- The quantitative impact evaluation of the project is positive.

The project has a poverty focus and will contribute to two important Millennium Development Goals (MDG): (i) eradicating extreme poverty and hunger; and (ii) ensuring environmental sustainability in rural areas. This entails improved local and communal governance, a better access to basic social services, increase and diversification of rural incomes with improved production, transformation and marketing micro-investments for agricultural and livestock products, as well as micro-investments for small and medium rural enterprises.

The CAS puts emphasis on supporting poverty reduction in particular in the rural areas, and promoting competitive, broad-based growth in the rural sector by helping to increase and diversify rural incomes (on- and off-farm), implementing natural resource management programs, and improving public finance management and governance. The proposed project fits well within these objectives and strategy.

3. Rationale for Bank Involvement

The value-added of Bank support is five-fold:

- The project would draw on the Bank's recent experience implementing community driven rural development projects, in particular in Mali the GRIP and NRM projects but also on other countries which are in the process of decentralizing their administration. Working at the commune level can help the government focus on those strategic institutional changes (of a cross-sectoral nature) that would maximize the impact of decentralization;
- The Bank is financing the PASAOP under which there is a producer demand-driven mechanism for financing agricultural services. These services would complement the productive investments to be financed under the proposed project and help ensure their returns, and thus the sustainability of those productive and social investments;
- Through a GEF operation in Gourma, the Bank is financing the Arid Rangeland Biodiversity Conservation project (ARBC) to which the RDCP is very complementary. The ARBC only finances environment-related activities but not production-related activities, thus the need to link up these two projects;
- The Bank will finance the PCDA which aims at reinforcing the competitiveness of agricultural crops by targeted medium- and large-scale investments to remove critical bottlenecks, improve productivity and efficiency and build organizational and institutional capacities, both private and public, along the supply chains. These investments will be both medium- and large-scale and thus will complement the micro-investments to be financed under the proposed project;
- The Bank's involvement will help the government to leverage further funding from other bilateral and multilateral donors for the implementation of its decentralization agenda and thus be able to extend its support to more communes.

4. Description

The project components will be:

A. Capacity Building: community empowerment and local governance improvement through local capacity building for all stakeholders (communities, community-support institutions, including NGOs, and deconcentrated public and private service providers, and small private enterprises);

B. Communal Initiatives Fund (CIF): financial and technical support services for investments with public-good characteristic (social and environmental) within the Communal Development and Investment Plans;

C. Local Productive Initiatives Fund (LPIF): financial and technical support services for local community-based investments with private-good characteristic, and;

D. Project management, Monitoring and Evaluation, Knowledge management.

The project will be implemented in four regions (Mopti, Timbuktu, Ségou and Sikasso), will cover 140 communes corresponding to 1,000 villages (about 910,000 inhabitants) and will complement past and on-going community-based projects. The GEF-funded Arid Rangeland Biodiversity Conservation Project will support environmental protection and biodiversity conservation in 18 communes in the regions of Mopti (Douentza district), Timbuktu (Rharous district) and Gao (N'Tillit district). Under the NRM Project, interventions were in the regions of Kayes, Koulikoro and Mopti while the GRIP Project intervened in the Mopti and Timbuktu regions. The GRIP project was closed on January 31, 2004, but UNDP is supporting the decentralization process in the Mopti and Timbuktu regions through the RCDPM. Among the 1000 villages selected, most of them have been initially involved in the NRM and the GRIP projects but have only received partial support. The remaining villages will be selected in the same communes in order to cover all the villages (above 500 inhabitants) of these communes and carry out comprehensive communal development plans.

A. Capacity Building (US\$11.0 million).

A1. Community Empowerment and Local Governance Improvement.

A community-driven development approach will be used to address the following sector issues: (a) *empower communities* by providing funds and encouraging partnerships among communities, local government, NGOs and the private sector to implement micro-projects (as diverse as community schools, health centers, wells, erosion control measures, feeder road improvement) that the communities themselves identify as important; (b) *improve accountability of local government* by supporting participation and transparency through development plans and accounts with their constituency; (c) *build capacity of communities and local governments* by strengthening critical skills in programming, budgeting, financial management, etc. The capacity building required for this community-driven approach will target three levels - the communal councils, the village councils, and the community itself.

A2. Capacity Building for Community Support Institution/Agencies, and local enterprises

Agencies Providing Direct Support to Communities. Institutions and agencies expected to provide direct support to communities for capacity building and for the design and implementation of their Community Development Plans need to upgrade or reinforce their own capacities. This is particularly true when a project calls for new skills, or for more staff with similar skills (increase in their volume of work). Some of these institutions are government services. Other agencies are the newly created *Centres de Conseils Communaux (CCC)*, or advisory units established by the MATCL at district level (*cercles*) in 49 districts and expected to provide technical support to communes and communal councils. These CCC are temporary (until the Communes develop their own skills). The deconcentrated public services (in particular health, education, and agriculture, livestock and fisheries) will provide support within their respective mandates under each sectoral program. (Agricultural support services would be provided under the on-going IDA-supported PASAOP on a demand-driven and contractual basis).

Socioeconomic Groups, private services providers, and small and micro enterprises (SME). Investments made and services provided at the village or commune level (social public infrastructure and/or private productive investments) will be executed by various private socio-professional groups that may need to acquire additional skills. Managerial capacity building and/or technical support services will be provided to these groups on a contractual and demand-driven basis.

Cost and financing:

IDA Credit (US\$9.0 million) will finance studies, vehicles and equipment for outreach and communication activities, training, workshops, and technical assistance (public, NGOs, and private) services in the whole project area under this component.

B. Communal Initiatives Fund (CIF) (US\$28.0 million).

B1. Communal demand-driven Investment Grants. The project will channel grants to rural communes to co-finance micro-projects proposed by them, with the purpose of reducing poverty by addressing their priority social and socio-economic needs. Within the approved 3-year Communal Investment Plan, the categories of demand-driven investments to be considered under this component are for: (i) social and socioeconomic infrastructure, and; (ii) natural resource management and biodiversity conservation. The funding and implementation of CIPs call for a multi-sector approach. Some sector projects and programs, in particular the Health and Social Development Program (PRODESS) and the Education Development Program (PRODEC), are already financing social investments and related services. In the targeted RCDP regions, the funds earmarked under PRODESS and PRODEC for the financing of communal schools and health centers will be channeled through the same RCDP mechanism (*Agence Nationale d'Investissement des Collectivités Territoriales*, ANICT). Agreements will be signed between the sectoral ministries in charge of these projects and programs for each region to specify the rules of the game (eligibility criteria, and financing or co-financing mechanisms) to seek complementarity, to avoid gaps or duplication, as well as confusion of responsibilities. For example, during the preparation of the Communal Development Plan and its Investment Plan, if there is a demand for a communal school, the sub-project request will be reviewed by the deconcentrated National Education (MEN) services to ensure that: (i) the sub-project is coherent with the "carte scolaire"; (ii) the Ministry of Education MEN will provide qualified teachers and support their salaries; (iii) the norms and conformity are respected for the teaching material, equipment and facilities, and; (iv) the communal schools will be inspected regularly by the deconcentrated MEN services.. In those communes that have not yet benefited from basic social infrastructures, the project would support the community-demanded priority investments.

A central principle of the proposed project is that communes may decide to use the CIF for any micro-project they deem important provided they are not on the negative list specified in the Project Implementation Manual (PIM). The communal micro-projects may include, but are not limited to:

- Collective social investments, including, but not limited to: (in the education sector) schools, classrooms, teacher training, literacy; (in the health sector) health posts, HIV/AIDS prevention centers, personnel training; (in the transportation sector) rural feeder roads and small bridges; (in the energy sector) rural electricity; (in the water and sanitation

sector) wells and latrines, (in the land management sector) land tenure initiatives and, tele-centers;

- Public socio-economic investments and marketing public infrastructures at the commune level such as: markets, storage, slaughterhouses;
- Natural resource management activities for a better erosion control, soil fertility control, community forest management.

B2. Communal Technical Support Services. Investments made at the commune level (social public infrastructure or socio-economic investments) will be managed by specific management committees that will need to acquire proper skills for their management and maintenance. Specific capacity building and technical support services will be provided to these committees as a requisite package tied to the said communal investments.

Cost and financing:

IDA Credit (US\$25.0 million) will finance communal micro-projects and related technical support services in the whole project area through the Communal Initiatives Facility (CIF). Resources will be allocated (within the agreed SDR limit) to the selected communes to address the maximum of basic socio and socio-economic needs.

C. Local Productive Initiatives Fund (LPIF) (US\$26.0 million).

C1. Local Productive demand-driven Investment Grants. The project will channel grants to local rural community-based organizations (CBOs with legal status) to co-finance productive micro-projects proposed by them, with the purpose of increasing their revenues by addressing their priority economic investment needs. A central principle of the proposed project is that CBOs may decide to use the LPIF for any local micro-project they deem important provided they are in accordance with the Communal Investment Plan and are not on the negative list specified in the Project Implementation Manual (PIM). During the first three year of project implementation, resources will be allocated to beneficiaries on a first-come first-serve basis to encourage dynamic local CBOs and to address their economic investment needs. A system of prioritization would be developed under the project to select thereafter the demanded micro-projects through a screening process to ensure the best social and economic rate of return. The regional RCDP Project Implementation Unit will be responsible for managing the LPIF according to PIM-LPIF execution manual.

C2. Local Technical Support Services. Investments made at the local level (productive micro-project investments) will be managed by interest groups that will need to acquire proper skills for their management and maintenance. Specific capacity building and technical support services will be provided to these groups as a requisite package tied to the said productive micro-project investments.

Cost and financing:

IDA Credit (US\$22.0 million) will finance local CBO micro-projects on a matching grant basis, and related technical support services in the whole project area through the Local Productive Initiatives Fund (LPIF).

D. Project Implementation, Coordination, Monitoring & Evaluation, Knowledge Management (US\$5.0 million).

This component includes: (i) support for the national coordination of the project, and; (ii) support for project execution at the regional level. At the central level a Project Implementation Unit would be established under CSLP oversight, and at the regional level Regional Project Implementation Units would be responsible for the execution of project activities in the four selected regions of Mali. The PIU would be responsible for coordinating all activities under the project, in particular for providing funds to the regional PIUs, overall financial management and procurement, monitoring and evaluating the program at the national level, managing studies and the provision of services.

Monitoring and evaluation is an important activity of the project and includes setting up an integrated system of management and monitoring for project implementation at the regional levels (real-time monitoring of physical and financial execution, technical and financial audits) as well as a system for monitoring and evaluating its impact (reference studies on the initial situation, impact studies, and support missions). The system of M&E would be encompass project physical and financial execution, but also poverty and environment data that would be used as part of the CSLP and the Environmental National Environmental M&E Systems. Moreover, the Project M&E would be set up to reflect the decentralization process, i.e. the local governments should be able to feed the overall system and also to manage their own information as a tool for good and transparent local governance.

The participatory approach and the local dimension of the project highlights the necessity of sound knowledge management procedures during implementation. This activity would ensure efficient information circulation between the different stakeholders involved in the project.

Cost and financing. IDA Credit (US\$4.0 million) would co-finance (i) technical advisory services and training to strengthen RCDP's management entities (procurement, financial management, disbursement, monitoring and evaluation), (ii) equipment and vehicles; (iii) beneficiary impact assessments, supervision and impact studies, and knowledge dissemination and communication, and (iv) technical and financial audits.

3. Financing

Source:	(US\$m.)
BORROWER/RECIPIENT	10
INTERNATIONAL DEVELOPMENT ASSOCIATION	60
Total	70

4. Implementation

1. Partnership arrangements.

As part of a broader national program, which is one of the pillars of the Master Plan for Rural Development, the proposed project is currently prepared and will be implemented in close

collaboration with other donors programs. Multi and bilateral donors are committed to provide assistance to communal and local development. Details of their respective programs are presented in annex 2. The different interventions are or will be funded through parallel financing procedures. The collaboration that has been developed will be maintained during the implementation of the project, through the establishment of a national steering committee (see below section C2). Further details regarding donor coordination are provided in annex 6.

2. Institutional and implementation arrangements.

Implementation period. The program would be implemented over a period of up to 6 years. The progress made during the first three years would be assessed against the predefined performance indicators during a Mid-Term review. The following institutional and implementation arrangements will be finalized during appraisal of the project.

Project implementation (See annex 6). Through the national coordination of the *Cadre Stratégique de Lutte contre la Pauvreté, CSLP*, the Ministry of Finances and Economics would have the oversight of the project, but its implementation will be under the responsibility of the Ministry of Social Development.

Overall leadership and supervision of project implementation – Steering Committees. Implementation of RCDP would be concurrent with decentralization, which was begun by the Government of Mali in 1993. The project's institutional arrangements have been designed to comply with the decentralization framework defined in law and decrees of decentralization (MATCL, DNCT, November 2003), especially with regard to the rural communes. Three levels in the administrative organization of the country would be involved in RCDP's organization: (i) community level: CBOs and Local Governments (*communes rurales*); (ii) regional level; (iii) central level.

Individuals in rural communities (*communautés rurales*) would form community-based organizations (CBOs). At the local level decision and approval committees would consist of: (i) representatives from deconcentrated line ministries concerned with submitted subprojects, including ministries in charge of agriculture, livestock and fisheries, education, health, and decentralization; (ii) an NGO representative chosen by his or her peers; (iii) a representative of local rural organizations; and (iv) three representatives of community-based organizations from each village. The committees would be responsible for (i) approving Local Development Plans and sub-project proposals submitted by community-based organizations, (ii) consolidating Local Development Plans into a Communal Development Plan, and (iii) monitoring the implementation of those sub-projects. Any deconcentrated line ministry concerned with a sub-project request would be involved to share technical expertise and ensure compliance with national standards and policies. From the concerned deconcentrated line ministries, only technical clearance would be required prior to approval of communal development plans and sub-projects.

A Regional Steering Committee (at the Regional Assembly level) would: (i) monitor and supervise implementation of Local Development Plans. The committee would include (i) elected representatives of the *communes* management committees; (ii) representatives from deconcentrated line ministries concerned with subproject requests, including ministries in charge

of rural development, education, health, and local infrastructure; (iii) an NGO representative chosen by his or her peers; (iv) a representative of local rural organizations; and (v) three representatives of community-based organizations from each commune, including different local groups (women's associations, youth associations, and others).

At the central level a National Steering Committee would (i) examine and approve the Technical and Financial Execution reports of the previous period's activities, (ii) analyze and adopt the Technical and Financial Execution Programs, and (iii) take corrective measures in case of anomalies. The Steering Committee, to be defined by legal texts would consist of representatives of ministries and institutions associated with the program (ministries, donors, NGOs) and representatives of producer organizations and community-based organizations. Donors or experts could attend as observers, if needed.

The composition and modus operandi of these committees will be spelled out in the Manual of Procedures.

Project Implementation, Coordination, and Monitoring. Day-to-day management of project activities would be assigned to a Project Implementation Unit (PIU) located in Bamako. It would consist of a small team comprising a coordinator proficient in managing development projects, a technical team (capacity building specialist, rural investment specialist, monitoring and evaluation specialist, environmental and social specialist, communication specialist, decentralization specialist), and an operational team (administrative and financial specialist, accountant, procurement specialist). The PIU's responsibilities would be to (i) coordinate overall implementation of the project, (ii) manage project activities implemented at the central level, (iii) ensure the availability of funds, (iv) maintain the books and the accounts of project activities and produce financial reports, (v) monitor and evaluate implementation of the work program and its impact, (vi) report results to stakeholders (administration, donors, civil society, projects, Decision Committees), and (vii) provide technical assistance to RPIUs. The PIU would work closely with the CSLP Monitoring Unit. Most of the activities would be subcontracted by the RPIU in accordance with RCDP procurement arrangements.

Four RPIUs would be responsible for coordinating project activities within their regions. Each RPIU would comprise an administrator, an environmental and social specialist, a monitoring and evaluation specialist, a procurement specialist, and an accountant. Instead of being directive, they would concentrate their efforts on support activities to local communities through regular consultation with local stakeholders. Under contractual arrangements, the RPIUs would be responsible for (i) carrying out capacity-building activities at the communal and local level, (ii) managing the funds to finance the sub-projects, (iii) monitoring and evaluating project activities in their territories, and (iv) reporting to local stakeholders and to the PIU. The efficiency of these RPIUs would be assessed at the Mid-Term Review. At that time, and depending on the pace of decentralization, to ensure their sustainability, these RPIUS would be contracted directly by the Regional Assembly.

The Government is preparing a comprehensive Project Implementation Manual, a Monitoring and Evaluation Manual, and an Administrative, Financial, and Accounting Manual. The Project Implementation Manual will; (i) describe the configuration of the PIU, the RPIUs, the profile of

the staff, and their job descriptions; (ii) define procedural arrangements for implementing the project, and; (iii) include guidelines for identifying, approving, implementing, supervising, and evaluating subprojects. Adoption of the Project Implementation Manual by the Government in a manner satisfactory to IDA would be a condition of project effectiveness.

The Monitoring and Evaluation System. The monitoring and evaluation system of the project would be critical for managing the large volume of information in subproject cycle, monitoring the RPIU and communities' performance, and aggregating information for evaluating the impact of the project. During preparation a GIS-based database has been developed and would form the project baseline. It maps the existing and committed socio-economic investments, as well as their source of financing for each village in Mali. RPIUs would gather information from beneficiaries and stakeholders at the local level while ensuring continuous diffusion of lessons learned and best practices among beneficiaries, to help make participatory evaluation and steering of the project effective. The database would be synchronized each three months between the regional and central levels and the consolidated database "OISE" will be updated each six months.

7. Sustainability

Government's commitment. Among the West African countries, Mali has the oldest records in terms of community participation in rural development and NGO's involvement. Both the NRM and the GRIP projects have been successful and consistently received government support and the cooperation of public services. Mali's decentralization policy is very progressive and its implementation is well advanced. All the country's politicians are committed to the decentralization policy. The government has expressly requested IDA support for a second phase for both the NRM and the GRIP projects and, since January 2001, continues to fund the NRM implementation unit in order to maintain the project key staff, infrastructure and equipment. The IDA-funded GRIP project was closed on January 31, 2004, but GRIP activities are still on-going thanks to Government's decision to fund them under the PPTE program.

Sustainability. This project will focus on sustainability by ensuring the following: (i) all local and communal investments are economically, financially, and environmentally sound—thus, inherently sustainable; (ii) all investments reflect the priority of the communities and communes, which are committed to contribute (in kind or in cash) to their realization, operation and maintenance; (iii) the mix of local and communal investment include income-generating activities, so that resources will be available to help pay service fees and maintain all executed investments; (iv) priority community-driven investments will be matched with a full package of services to make these investments well managed and sustainable; (v) there is sufficient capacity, built overtime as necessary, to efficiently operate and maintain these investments; (vi) the local and communal organizational and managerial capacities are regularly monitored, evaluated, and acted upon as required. It is however important to recognize that in areas of extreme poverty, (in terms of people's education, health condition, natural endowment, financial means and management skills) sustainability is a real challenge.

8. Lessons learned and reflected in the project design

Emphasis on community-based / community-driven development and participation is a key to success. It is essential to put planners, NGO members, villagers etc on common ground to identify key problems, analyze their causes and devise realistic action plans to reflect local needs and how they tie into economic advancement and the available resources. Key positive lessons from past projects are that communities are usually more capable than expected to prepare and manage small development projects provided that design procedures adapt standard formats to local needs and capacities. There is also a growing body of evidence that projects planned and managed by communities typically show rates of return higher than those planned by government agencies for these same villages. Success is characterized by five main factors: local organizational capacity, effective outreach, responsive agencies, enabling policies and Government commitment. All these factors have been taken into account in the design of the proposed program.

Benefits must accrue quickly both in term of better access to social needs and of increased revenue opportunities: A key factor of success for community development project is to build in the right incentives for community participation and ownership to ensure that micro-project interventions provide short term, as well as medium and long-term benefits to individuals and communities. Communities are also much more likely to accept and embrace the project when benefits are staggered throughout its lifespan. In addition to social investments, provision needs to be made for the financing of productive investments on a demand-driven and matching-grant basis that will increase the revenues of the population and help ensure the maintenance of the social investments.

Decentralize fiscal control and authority to communities: To truly empower communities, local people should not only decide on what the investments are but need to gain the capacity to manage these investments. Where capacity exists or is built, authority and control over financial management can be decentralized to legitimate and representative community organizations, allowing for local procurement and contracting of technical assistance for micro-project implementation. Such decentralization will reduce the likelihood of fund misappropriation while building local capacity to manage. Evidence indicates that community-controlled procurement of materials and labor can result in savings of over 70% in the cost of micro-projects as compared to projects in which procurement is managed centrally by the implementing agency.

A critical mass of social and economic investments at the commune level is necessary to avoid scattered interventions that would indeed alleviate poverty but would not create sufficient additional resources to draw the communities out of poverty.

Cost Sharing, decentralized Financial Management and Procurement at the communal and local community level are key elements to successful implementation of bottom-up approaches to development and for promoting community ownership and a culture of financial management of community funds. Provided with basic training, communities are capable of carrying out their own procurement and in ensuring that service providers are accountable to them.

Monitoring and Evaluation, and Knowledge Sharing systems are crucial in particular for community-based development projects and must be phased in throughout the project. M&E must be tied to performance indicators, and results and experiences must be shared regularly to

all stakeholders. Such systems must be integrated at each level of decision making, properly staffed and be allocated timely and with adequate resources for operation, training, and communication.

9. Safeguard policies.

The RCDP is not expected to have a significant negative environmental and social impact. The Borrower prepared an Environmental and Social Management Framework (ESMF) for the project. It includes the following: (i) systematization of environmental and social impact assessment for all identified sub-projects before entering into a funding agreement with communities; (ii) training of staff and partners of the national and regional coordination units; (iii) establishment and implementation of an intersect consultation framework for the environmental control and monitoring; (iv) reinforcement of coordination meetings of harmonization and consultation at all levels among stakeholders; and (vi) concerted efforts of NGOs and mass media for the execution of an Information-Education-Communication program aimed at improving environmental management. The recommendations of the safeguard documents will be reflected in the Project Implementation Manual(PIM).

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cultural Property (OPN 11.03 , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

10. Contact point

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