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Report No. 31205-ML

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 40.4 MILLION
(US$60.00 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MALI

FOR A

RURAL COMMUNITY DEVELOPMENT PROJECT

August 22, 2005

Environmental and Social Development (AFTS4)
Country Department 15
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 1st, 2005)

Currency Unit	=	CFA Franc (CFAF)
CFAF 507	=	US$1
US$ 1.48516	=	SDR 1

FISCAL YEAR

January 1	–	December 31

ABBREVIATIONS AND ACRONYMS

AFD	*Agence Française de Développement (*French Agency for Development)
ANICT	*Agence Nationale d'Investissement des Collectivités Territoriales* (National Agency for communities investments)
ARBC	Arid Rangeland Biodiversity Conservation
ASPEN	Africa Safeguards Policy Enhancement
BP	*Bureau de Préparation* (Preparation Unit)
CAS	Country Assistance Strategy
CBO	Community Based Organization
CCC	*Centre de Conseil Communal* (Communal Advisory Center)
CDP	Communal Development Plan
CFAA	Country Financial Accountability Assessment
CIF	Communal Initiatives Fund
CIP	Communal Investment Plan
CLO	*Comité Local d'Orientation* (Local Orientation Committee)
CRO	*Comité Régional d'Orientation* (Regional Orientation Committee)
CSLP	*Cadre Stratégique de Lutte contre la Pauvreté (*Poverty Reduction Strategy)
DNACPN	*Direction Nationale pour le Contrôle des Pollutions et Nuisances* (National Agency in charge of pollution and nuisance control)
DNCT	*Direction Nationale des Collectivités Territoriales* (National direction for local collectivities)
ESMF	Environmental and Social Management Framework
FICT	*Fonds d'Investissement des Collectivités Territoriales* (Investment Fund for Local Collectivities)
FMR	Financial Monitoring Reports
GIS	Geographical Information System
GRIP	Grassroots Initiative to Fight Hunger and Poverty Project
LPIF	Local Productive Initiatives Fund
MDG	Millenium Development Goals
NGO	Non Governmental Organization
NRMP	Natural Resources Management Project
ODC	*Organisation de Développement Communautaire* (Community Development Organization)
OISE	*Outil Informatique de Suivi-Evaluation* (Computerized System for Monitoring & Evaluation)

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PACR	*Projet d'Appui aux Communautés Rurales* (Rural Community Development Project)
PASAOP	*Projet d'Appui aux Services Agricoles et aux Organisations Paysannes* (Agricultural Services and Producer Organizations Project)
PAIB	*Projet d'Appui aux Initiatives de Base (*Grassroots Initiative to Fight Hunger and Poverty Project)
PCDA	*Projet de Compétitivité et de Diversification Agricole (*Agricultural Competitiveness and Diversification Project)
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PMP	Pest Management Plan
PNIR	*Projet National d'Infrastructures Rurales* (National Rural Infrastructure Project)
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
RCDP	Rural Community Development Project
RPIU	Regional Project Implementation Unit
SAC	Structural Adjustment Credit
SOE	Statement of Expenses
UNDP	United Nations Development Program
USAID	US Agency for International Development

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Task Team Leader:	Daniel Moreau

MALI
Rural Community Development Project

CONTENTS

MALI

Rural Community Development Project

Project Appraisal Document

Africa Region

AFTS4

Date: August 22, 2005	**Team Leader:** Daniel Moreau
Country Director: A. David Craig	**Sector(s):** General agriculture, fishing and forestry sector (50 percent); Other social services (30 percent); Agricultural marketing (15 percent); Sanitation (5 percent).
Sector Manager: Mary A. Barton-Dock	**Theme(s):** Rural services and infrastructure (P); Other rural development (P); Decentralization (S); Other environmental management (S).
Project ID: P040653	**Environmental screening category:** B
Lending Instrument: SIL	**Safeguard screening category:** S1

------------------------------ Program Financing Data ------------------------------

[ ] Loan [X] Credit [ ] Grant [ ] Guarantee [ ] Other

Total Bank financing (US$m.):	60.0
Proposed terms:	Standard Credit
Grace Period (Years):	10
Years to Maturity:	40
Commitment fee:	Standard
Service Charge:	Standard

Financing Plan (US$m.)

Source	**Local**	**Foreign**	**Total**
Borrower	-	-	-
IDA	47.2	12.8	60.0
Beneficiaries	2.8	1.2	4.0
Total:	50.0	14.0	64.0

Borrower: Government of Mali
Responsible agency: Ministry of Social Development

Estimated disbursement (Bank FY/US$m):

FY	**FY06**	**FY07**	**FY08**	**FY09**	**FY10**	**FY11**
Annual	7.2	12.6	13.1	13.5	10.8	2.8
Cumulative	7.2	19.8	32.9	46.4	57.2	60.0

Project implementation period: 6 years
Expected effectiveness date: 12/15/2005
Expected closing date: 06/17/2012

Does the project depart from the CAS in content or other significant respects? ***Ref. PAD A.3***	[ ] Yes [x] No
Does the project require any exceptions from Bank policies? ***Ref. PAD D.7***	[ ] Yes [x] No
Have these been approved by Bank management?	[x] Yes [ ] No
Is approval for any policy exception sought from the Board?	[ ] Yes [x] No

Does the project include any critical risks rated "substantial" or "high"? [x] Yes [ ] No
Financial contribution by beneficiaries to demand-driven communal investments and capacity building activities for related management groups would minimize the risks of poor maintenance of such public investments.
Ref. PAD C.5

Does the project meet the Regional criteria for readiness for implementation? [x] Yes [ ] No
Ref. PAD D.7
Project development objective ***Ref. PAD B.2***

The development objective of this project is to improve the living conditions of project-supported rural communities in terms of (i) access to basic socio-economic services and (ii) a sustainable increase in incomes, while promoting improved natural resource management practices.

Project description ***Ref. PAD B.3***

Component A: Capacity Building
Component B: Communal Initiatives Fund
Component C: Local Productive Initiatives Fund
Component D: Project Management, Monitoring and Evaluation and Knowledge Management

Which safeguard policies are triggered, if any? ***Ref. PAD D.6***

Environmental Assessment (OP/BP/GP 4.01); Pest Management (OP 4.09)

Significant, non-standard conditions, **if any**? ***Ref. PAD C.6***

Board presentation: September 15, 2005

Credit effectiveness: December 15, 2005

Covenants applicable to project implementation: (i) by the end of the second year of the Project, the Borrower shall conduct in conjunction with the Association, a review of the arrangements for the flow of funds under Part C of the Project, and promptly thereafter shall implement such measures, (ii) no later than 12 months after the Effective Date, the Borrower shall have established the Regional Steering Committees, four Regional Project Implementation Units and the Local Orientation Committees, and (iii) a Mid-Term Review has taken place by the end of the third year of project implementation.

As conditions of effectiveness, as negotiated, the Borrower will (a) establish and maintain the National Steering Committee, with terms of reference and composition acceptable to the Association; (b) execute the Subsidiary Agreement on its behalf and of ANICT, in form and substance satisfactory to the Association; (c) put in place a computerized financial management system and a monitoring and evaluation system for the Project, acceptable to the Association; (d) adopt the Project Manuals, in form and substance satisfactory to the Association; (e) establish the PIU with the following staff: a Project Manager-Coordinator, a Director of Finance and Administration, a Finance Officer, a capacity building specialist, a rural investment specialist, a monitoring and evaluation specialist, and a communication specialist; (f) recruit independent auditors, and; (g) contract an ODC for each of the regions where the Project will be implemented.

A. STRATEGIC CONTEXT AND RATIONALE

1. Country and sector issues

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. The poverty rate is estimated to be 64 percent (2002). The country – which is landlocked – is one of the largest in Africa with a surface area of 1,204,000 square kilometers and a population of 11.6 million (2004) that is growing at an annual rate of 2.4 percent. 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 and 2003, 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 Socio-Economic Development in the Rural Areas

Poverty reduction and growth in the rural sector are severely constrained by a number of geographic, climatic and human factors, poor public infrastructure and social services, weak programming and a lack of 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. This, coupled with poor and fragile soils, has led to short and seasonal agricultural activities.

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 a 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 contributes to slow and uneven growth in the rural areas.

Top-Down Programming of Investments. Over the last ten years, Mali has genuinely embarked on a process of decentralization and community empowerment and participation. While the principle of community participation in project design, implementation and monitoring, is formally endorsed, old top-down reflexes are slow to disappear in the public services and as a consequence, financial resources continue to be highly centralized. 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 very 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

A long-term Master Plan for Rural Development (*Schéma Directeur du Développement Rural*) was developed in 1992 and updated 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 World Bank has been supporting the implementation of the sector strategy through the following ongoing investment operations: the National Rural Infrastructure Project (PNIR: *Projet National d'Infrastructures Rurales*) and the Agricultural Services and Producer Organizations Project (PASAOP: *Projet d'Appui aux Services Agricoles et aux Organisations Paysannes).* The recently approved Agricultural Competitiveness and Diversification Project (PCDA: *Projet de Compétitivité et de Diversification Agricole*) and the proposed Rural Community Development Project (PACR: *Projet d'Appui aux Communautés Rurales)* will strengthen the Bank's support.

2. 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 the 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 of the last CAS to social and economic development, particularly for rural communities. It specifically focuses on poverty alleviation in rural areas through social development, sustainable (agriculture and non-agriculture) economic growth, employment and income generation, private sector development, human capacity development and natural resources protection. It complements governmental and bilateral on-going programs and projects within the context of decentralization, and other IDA-funded programs supporting in the rural areas public agricultural services (PASAOP), agricultural competitiveness and diversification (PCDA), and large-scale infrastructure (PNIR).

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

- The project will draw on the Bank's recent experience in implementing community driven rural development projects, such as the two recently closed projects in Mali: Grassroots Initiatives to Fight Hunger and Poverty - GRIP or PAIB in French (*Projet d'Appui aux Initiatives de Base)* and Natural Resources Management Project - NRMP or PGRN in French (*Projet de Gestion des Ressources Naturelles*) but also in 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 producers demand-driven mechanism for financing agricultural services. These services would complement the productive agricultural investments to be financed under the proposed project and help ensure their returns, and thus the sustainability of the productive and social investments;
- Through a GEF operation in Gourma, the Bank is financing the Arid Rangeland Biodiversity Conservation project (ARBC), which the RDCP will complement. 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; and
- 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.

3. Higher level objectives to which the project contributes

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, better access to basic social services, increased and more diversified rural incomes with improved production, transformation and marketing of micro-investments for agricultural and livestock products, as well as micro-investments for small and medium rural enterprises.

The CAS places 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 resources management programs, and improving public finance management and governance. The proposed project fits well within these objectives and strategy.

B. PROJECT DESCRIPTION

1. Lending instrument

The proposed program will be supported through a specific investment loan (SIL).

Implementation period: six years

2. Project development objective and key indicators

The development objective of the RCDP is to improve the living conditions of project-supported rural communities in terms of (i) access to basic socio-economic services, and (ii) a sustainable increase in incomes, while promoting improved natural resources management practices. The project would achieve this 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 monitor progress toward achieving its outcome through the following performance indicators to be measured by using a combination of quantitative and qualitative approaches, in particular:

- number of the targeted communes perceiving improvement in access to basic social services (easier access to water, education, and health) because of project intervention,
- number of social and income-generating sub-projects implemented under the project and still active three years later;
- number of targeted communes perceiving positive social and environmental impacts because of project intervention;

3. Project components

The project includes four main components which are: Component A: Capacity Building; Component B: Communal Initiatives Fund (CIF); Component C: Local Productive Initiatives Fund (LPIF); and Component D: Project Management, Monitoring and Evaluation, and Knowledge Management.

The project will be implemented in four regions (Mopti, Timbuktu, Segou 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 (see Annex 2). Among the 1,000 villages selected, the majority have been initially involved in the NRM Project and the GRIP 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.

<u>Component A.</u> **Capacity Building (US$13.8 million)** aims at: (i) empowering communities to help them increase their participation in the decentralization and local/communal development processes; and (ii) ensuring sustainability of investments by strengthening communities' capacities in programming, designing and properly managing collective investments, as well as undertaking income generating and productive activities. It comprises three subcomponents:

Sub-Component A1: Information and mobilization of communities: the project will contract NGOs that will act as community development organizations ("*Organisations de Développement Communautaire*" - ODC) in charge of informing communities, providing advice and support to them during project implementation, and accompanying villagers and community-based organizations in the implementation and management of their collective investment and productive micro-projects. The ODCs will also disseminate key messages to grassroots communities that will focus on public health (AIDS in particular), natural resources management, gender issues in local development, etc. and will intervene at the grassroots level and will work in close collaboration with the "*Centres de Conseil Communaux*" (CCC) that provide advice to elected local government at the communal level.

Sub-Component A2: Capacity building of grassroots communities and decentralization stakeholders: the project will: (i) organize in-depth trainings on decentralization and local development, including modules tailored to each category of actors, and debates among stakeholders on their respective perception and understanding of the current decentralization process; and (ii) prepare the training modules that will be delivered in components B and C as part of the package that comes with the physical investments or the productive projects, which means that modules will be prepared carefully with pedagogues, attached to local training centers and delivered by professional trainers. The project will stay open to training needs that may appear during implementation.

Sub-Component A3: Capacity strengthening of service providers for communities: In each region, the project will organize training modules specific to the three categories of service providers: private advisory providers, regional and local public services and training centers. The objective is to leave, after project closure, an environment of skilled and professional service providers that will pursue project activities in terms of advice and training to communities. In addition, the project will closely monitor and evaluate training modules' impact and adaptation to communities' needs and expectations. It will provide funds for in-depth quality control and modules' adjustment and improvement. It will also support dissemination of information through didactic and illustrated brochures, booklets or manuals, as well as documentations translated into local languages.

In the implementation of this component the project will take into account the training strategy developed by DNCT (*Direction Nationale des Collectivités Territoriales)*, inform it of the detailed activities undertaken by the ODCs in the field, and work closely with it on training modules' quality control.

Component B. Communal Initiatives Fund (CIF) (US$15.6 million) to provide financial and technical support services for investments with public-good characteristics (social and environemental) within the Communal Development and Investment Plans. It comprises 2 sub-components.

Sub-Component 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. In accordance to the Decentralization Law, within the approved three years 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 resources management and biodiversity conservation. The CIF will be located within ANICT (*Agence Nationale d'Investissement des*

Collectivités Territoriales) which is the National Agency in charge of the financing of "*Collectivités Territoriales*" and will follow the same financial procedures (see Annex 6). Agreements will be signed between the sectoral ministries in charge of social projects and programs for each region to specify the rules of the game (eligibility criteria, and co-financing mechanisms) to seek complementarity, to avoid gaps or duplication, as well as confusion of responsibilities. 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; and
- Natural resources management activities for a better erosion control, soil fertility control, community forest management.

<u>Sub-Component B2: Communal Technical Support Services.</u> 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.

Activities will be monitored (i) through the *Direction Nationale des Collectivités Territoriales* (DNCT), by the "*Cadres de Conseils Communaux*" using its monitoring and evaluation database (*Outil Informatique de Suivi-Evaluation* - OISE); and (ii) by ANICT's in-house monitoring tool. Gateways to ensure a total compatibility with the project's monitoring system will therefore be developed.

<u>Component C.</u> Local Productive Initiatives Fund (LPIF) (US$23.8 million) to provide financial and technical support services for local community-based investments with private-good characteristics. It includes two sub-components.

<u>Sub-Component C1: Local Productive Demand-driven Investment Grants.</u> 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 (CIP) and are not on the negative list specified in the Project Implementation Manual. During the first three years 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 thereafter under the project to select the demanded micro-projects through a screening and selection 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 (screening and selection process, and procurement). A commercial bank will be selected on a competitive basis for channeling the funds as a private fiduciary agent under a performance-based contract.

Sub-Component C2: Local Technical Support Services provide specific capacity building and technical support services to the interest groups responsible for the management of the investments made at the local level (productive micro-project investments) as a requisite package tied to the productive micro-project investments.

The OISE database, used for Component B, will be adapted to allow monitoring of productive initiatives. Regional PIUs will be in charge of the database.

Component D. Project Implementation, Coordination, Monitoring & Evaluation, and Knowledge Management (US$9.4 million).

This component includes: (i) at the national level, support for project coordination and overall management, and (ii) at the regional level, support for project execution. At the central level a Project Implementation Unit will be established under CSLP oversight, and will be responsible for the execution of parts A and D of the project and for coordinating all activities under the project, in particular for providing funds to the regional PIUs, overall financial management and procurement, monitoring and evaluation, communication and knowledge management, and a provision of studies and services as required. At the regional level, the four Regional Project Implementation Units will be responsible for the execution of Part C activities in the four selected regions.

Monitoring and evaluation (M&E) 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 M&E system will encompass the physical and financial execution of the project, 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 M&E system will be established to reflect the decentralization process, i.e. the local governments should be able to feed the overall system and to also 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 communication and sound knowledge management procedures during implementation. This activity will ensure efficient information circulation between the different stakeholders involved in the project.

4. 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, communal elected members, socio-professional organizations, CBOs, micro-enterprises, villagers, etc on a 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.

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 of these factors have been taken into account in the design of the proposed program.

- **Decentralize fiscal control and authority to communities**: To truly empower communities, local people should not only decide on what the investments are, but they also 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 percent in the cost of micro-projects as compared to projects in which procurement is managed centrally by the implementing agency.

- **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 projects is to include 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, provisions need 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.

- **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.

- **Monitoring and Evaluation and Knowledge Sharing systems** are crucial in particular for community-based development projects. 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 adequate resources for operation, training, and communication.

5. Alternatives considered and reasons for rejection

The other alternative considered was to support two individual second phase projects, to follow-up on the Natural Resource Management Project (NRMP) and the Project to Support Grassroots Initiatives to fight Hunger and Poverty (GRIP) as they both have produced positive results. However, in the process in establishing how to improve the design of these two projects, the preparation team concluded that the follow-up of these two projects should be merged into one single operation.

C. 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 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 channeling of funds for the communal investments will be through the FICT (*Fonds d'Investissement des Collectivités Territoriales* – Investment Fund for Local Collectivities) under the responsibility of ANICT following the principle of "basket funding" that was agreed among the donors supporting ANICT (including the Government of Mali, the European Union, the French Development Agency, the UNDP, the German Cooperation, the Canadian Cooperation, the Dutch Cooperation and the African Development Bank). The collaboration that has been developed during preparation will be maintained during the implementation of the project, through the establishment of a national steering committee (see below section C2) that would include representatives of the main donors intervening in the rural development sector. Further details regarding donor coordination are provided in Annex 6.

2. Institutional and implementation arrangements

Implementation period. The program will be implemented over a period of up to six years. Progress made during the first three years will be assessed against the predefined performance indicators during a mid-term review.

Project implementation (See annex 6). Through the national coordination of the *Cadre Stratégique de Lutte contre la Pauvreté (CSLP)*, the Ministry of Finances and Economy will 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 will 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 the law and decrees of decentralization from November 2003, especially with regard to the rural communes. At a regional level, a Regional Steering Committee will monitor and supervise implementation of Local Development Plans. At the central level a National Steering Committee will: (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 Committees, to be defined by legal texts, will 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.

Program Implementation, Coordination, and Monitoring. The day-to-day management of project activities will be assigned to a Project Implementation Unit (PIU) located in Bamako. It will consist of a small team comprising a coordinator/manager proficient in managing development projects, a technical team, and an operational team. The responsibilities of the PIU will be to (i) coordinate overall implementation of the project, (ii) manage project activities implemented at the central level (Parts A and D), (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, project Decision Committees), and (vii) provide technical assistance to RPIUs. The PIU will work closely with the CSLP Monitoring Unit.

The four RPIUs will be responsible for coordinating and managing project activities within their regions. Each RPIU will comprise an administrator, an environmental and social specialist, a monitoring and evaluation specialist, a procurement specialist, and an accountant. The RPIUs will be responsible for: (i) coordinating and managing activities related in particular to component C; (ii) monitoring and evaluating project activities in their territories, and (iii) reporting to local stakeholders and to the PIU. Activities to be executed under Component B will be managed by ANICT through a specific arrangement as defined in the Project Agreement.

Financial Management. From a financial management perspective, RCDP will build on the existing capacity of the previous GRIP. Consequently, the PIU will capitalize on the existing finance department headed by a Finance Officer and its supporting staff. In line with the decentralization process, the Communal Investment Component will be managed by the existing public financial management Agency (ANICT).

Flow of Funds. The overall project funding will consist of an IDA Credit and communities' contributions. With respect to banking arrangements, IDA will disburse the Credit through three Special Accounts opened in FCFA and operated by the PIU and ANICT. Direct payments and periodic replenishments would be made to the account of the private fiduciary agent for the financing of activities to be executed under Component C in the four regions of project intervention.

Financial Reporting. All bank accounts will be reconciled with bank statements on a monthly basis by the Finance department of the PIU. Any difference will be expeditiously investigated and timely regularized. Quarterly financial monitoring reports (model A of FMR Guidelines) and audited annual financial statements will be produced and submitted timely to IDA. A fully integrated financial and accounting system will be established using appropriate software as well as a detailed manual of financial procedures and a chart of accounts, including the format, content and frequency of the various financial statements to be produced and submitted.

A comprehensive Project Implementation Manual, a Monitoring and Evaluation Manual, and an Administrative, Financial, and Accounting Manual will be prepared and the key personnel trained for effectiveness. 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 is a condition of project effectiveness.

3. Monitoring and evaluation of outcomes/results

The monitoring and evaluation system of the project will be critical for managing the large volume of information in the 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 forms the project baseline. This database maps the existing and committed socio-economic investments, as well as their source of financing for each village. RPIUs will gather information from beneficiaries and stakeholders at the local level while ensuring continuous diffusion of lessons learned and best practices among beneficiaries in order to help make participatory evaluation and steering of the project effective. The database will be synchronized every three months between the regional and central levels and the consolidated database OISE will be updated every six months.

4. Sustainability

Government's commitment. Among the West African countries, Mali has the oldest record in terms of community participation in rural development and the involvement of NGOs. 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 policy-makers 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 through the HIPC program (Debt Initiative for Heavily Indebted Countries).

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 over time 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.

5. Critical risks and possible controversial aspects

The table below identifies the key risks that project management may face in achieving its objectives and provides a basis for determining how management should address these risks.

RISK	RISK MITIGATION MEASURES	Risk Rating with mitigation
TO PROJECT DEVELOPMENT OBJECTIVE		
Political commitment to the implementation of the decentralization policy and for community development efforts is not maintained	• Maintain dialogue and experience sharing with Government and among donors	N
Inadequate maintenance of public infrastructure	• Giving ownership to users by ensuring that infrastructure is truly demand-driven, i.e. they are true priorities for the beneficiaries, which will in part be reflected by their willingness to contribute to investment costs • Promoting simultaneously income generating activities that will enable community members to pay for the operation and maintenance (O&M) of public investments (through fiscal means or direct payment for services provided) • Putting in place representative infrastructure management structures (users' associations) and ensuring their effectiveness through training on maintenance needs and scheduling, and on fee determination and collection	S
TO COMPONENTS' RESULTS		
Lack of overall project implementation capacity	• Strict personnel selection criteria • Plan to strengthen the project management unit at the national and regional level	N
Coordination with other programs and agencies not pursued	• Joint supervision missions focus and report on coordination issues	M
Inefficient or inappropriate use of funds transferred to beneficiaries	• Ensure transparency in funds allocation • Establish clear management procedures • Strengthen capacities • Organize financial audits	M
Weak performance from public and private service providers	• Strengthen service providers capacities (ensure coordination with PASAOP and other sectoral programs) • Strict selection criteria • Contract based on performance and capacity assessment (ex-ante and ex-post)	M
Inherent financial management risks: Funds may not be used in an efficient and economical way and exclusively for purposes intended due to corruption and poor governance.	• The team of appropriately qualified and experienced staff may reduce this risk • Strong internal control procedures to be established and maintained. Though, there is a need for strengthening the process of follow up of audit reports and regular assessment of fiduciary firms' deliveries	M

	• Public and private experienced fiduciary agents will be selected to reduce the risks related to channeling of funds at the local level in an efficient and safe manner	
Financial management control risks: teething problems may jeopardize timely and accurate financial reporting and disbursement process, particularly the consolidation of reporting from fiduciary agents.	• Terms of Protocol with fiduciary agents should specify the nature, format and periodicity of expected reporting; appropriate details should be developed in the manual of procedures with training provided to all stakeholders before effectiveness	M
OVERALL RATING		M
H = High S = Substantial	M = Moderate N = Low/negligible	

6. Credit conditions and covenants

Before Effectiveness, as negotiated, the Borrower will: (a) establish and maintain the National Steering Committee; (b) execute the Subsidiary Agreement on its behalf and on behalf of ANICT; (c) put in place a computerized financial management system and a monitoring and evaluation system for the Project; (d) adopt the Project Manuals; (e) establish the PIU with the following staff: (i) a Project Manager-Coordinator, (ii) a Director of Finance and Administration, (iii) a Finance Officer, (iv) a Capacity Building Specialist, (v) a Rural Investment Specialist, (vi) a Monitoring and Evaluation Specialist, and (vii) a Communication Specialist; (f) recruit independent auditors; and (g) contract an ODC for each of the regions where the Project will be implemented.

Dated covenants:

(i) by the end of the second year of the Project, the Borrower shall conduct in conjunction with the Association, a review of the arrangements for the flow of funds under Part C of the Project, and promptly thereafter shall implement such measures, (ii) no later than 12 months after the Effective Date, the Borrower shall have established the Regional Steering Committees, four Regional Project Implementation Units and the Local Orientation Committees, and (iii) a Mid-Term Review has taken place by the end of the third year of project implementation.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

Economic: This type of project does not easily lend itself to economic evaluation for various reasons. First, benefits of the capacity-building component (community empowerment and local governance improvement) defy quantification. Second, the investment components cannot be precisely known ex ante, since it is demand-driven and to be defined in the course of the project. Third, many of the benefits from anticipated investments (such as in natural resources management, education, health, etc.) cannot be easily quantified in monetary terms. However, cost-benefit analysis that has been undertaken for a sample of possible income-generating activities indicated strong potential for economic and financial returns.

Financial: Financial return of each requested investment will be assessed on case by case basis in order to ensure that operating and maintenance costs can be met and that these investments are sustainable. Stakeholders will be involved from time to time in determining and fine-tuning the cost-sharing and cost-recovery arrangements.

2. Technical

The RCDP will promote the use of simple, appropriate, and environmentally sound technologies and investments (a) that correspond to the needs of the beneficiaries and capabilities of local service providers, and (b) that can be efficiently maintained and operated by identified community members. In the case of technologies requiring skills that are not available in the communities but can be easily transferred to them, skills development programs will be launched before investments are made. For each type of investment likely to be selected by the communities, a technical note has been produced describing the investment and its specifications: technical description, performance, operation and maintenance procedures, costs and benefits, etc.

3. Fiduciary

The financial management assessments concluded that, provided the effectiveness conditions are met, the Bank's financial management requirements will be satisfied. The report-based disbursement method will be applied only after a satisfactory assessment carried out by the Bank financial management specialist within the first twelve months of implementation. Meanwhile, the project will use the transaction-based disbursement procedures (i.e. direct payment, reimbursement, and special commitments), as described in the World Bank Disbursement Handbook.

4. Social

During preparation, the participation of key stakeholders was sought through (i) field visits and study surveys, and (ii) seminars organized to present results of these studies. The stakeholders included are potential beneficiaries (as villages were not yet selected), public sector, civil society, nongovernmental groups or individuals, and development partners.

Social aspects have been reviewed in a separate Project Social Analysis and in the Environmental and Social Management Framework (ESMF), which have been commissioned as part of project preparation. In particular, the social analysis was carried out to validate existing information on (a) key social issues in relation to project objectives; (b) key stakeholder groups and on how the project can engage them in design and implementation of the project; (c) social development outcomes of the project and actions proposed to achieve those outcomes. Important benefits are particularly expected for a number of target groups, such as women and young unemployed. The design of project activities – such as capacity building or access to financing - will seek at maximizing those impacts.

5. Environment

From an environmental and social safeguard point of view, the Rural Community Development Project is a Category B project. The environmental and social impacts of the project, for the most part, are expected to be minimal, site specific and manageable to an accepted level. Because of the demand-driven approach, the range, scale, locations and number of sub-projects, as part of rural community development initiatives are not known upfront. The difficulty inherent in defining what the real environmental impacts of these sub-projects are and determining what mitigation measures should be put in place required the preparation of an Environmental and Social Management Framework (ESMF), which includes institutional arrangements, outlining roles and responsibilities for the various stakeholder groups involved, for screening, review and approval of sub-projects, as well as implementation, monitoring of their mitigation measures. The ESFM was approved by ASPEN, the World Bank Africa regional Safeguard Unit, and was then made available to the public in Mali and at the World Bank Infoshop.

In addition, it was determined, based on project-envisioned activities which will lead to diversification and intensification of agriculture, that the Pest Management Policy (OP 4.09) is triggered. In normal circumstances, this would require the project to develop a Pest Management Plan (PMP). However, because of the existence of a national PMP, prepared under the Bank-funded PASAOP project, the existing PMP could be re-issued and re-disclosed in-country and at the Bank Infoshop.

It was deemed, on the part of the project team, the Borrower and the Regional Safeguard Coordination that implementation of sub-projects, which may require land acquisition, will only take place on collective communal land and will not cause involuntary resettlement or loss of economic activities on the part of individual members of the local community. This, therefore, precludes the preparation of a Resettlement Policy Framework, a safeguard instrument used to address potential land acquisition or loss of economic activity issues. In light of the communal nature of activities envisioned in this project and that communal land will be made available for all sub-projects, the project implementation manual will contain procedures to ensure and document that such voluntary land contributions are arranged in a transparent and equitable manner. It is assumed that such land will be free of any squatters. However, if there are squatters on the land, OP 4.12 will be retroactively triggered and appropriate relocation assistance will be provided in accordance with the OP.

6. Safeguard policies

As indicated earlier, the RCDP is not expected to have significant negative environmental and social impacts. The Borrower prepared an ESMF for the project. It includes the following: (i) systematization of environmental and social impact assessments for all identified sub-projects before entering into a funding agreement with communities; (ii) procedures for conducting sub-project specific environmental impact assessments, be they limited environmental impact assessments or full environmental impact assessments as applicable; (iii) Capacity strengthening and awareness raising campaigns targeted at relevant stakeholder groups for better implementation and monitoring of project safeguard measures; (iv) establishment and implementation of an intersectoral consultation framework for the environmental control and monitoring; (v) 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. Annex 10 summarizes the actions to be taken under these safeguards. The recommendations of the safeguard documents will be reflected in the Project Implementation Manual (PIM).

Prior to disclosure in-country and at Bank Infoshop, a workshop was organized, involving relevant project stakeholder groups in public agencies, the communities, civil society and the private sector, with the intention of presenting the results of the ESMF, fostering ownership and seeking input from these stakeholders in order to improve quality and soundness of the ESIA.

Recommendations from both ASPEN and stakeholders' workshop have been reflected in the final ESMF, prior to its disclosure.

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

7. Policy Exceptions and Readiness

None.

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

Annex 1: Country and Sector or Program Background

MALI: Rural Community Development Project

Background

With a per capita income of US$300 (2004), Mali is one of the world's poorest countries according to UNDP social indicators. The poverty rate is estimated to be 64 percent (2002). The country – which is landlocked – is one of the largest in Africa with a surface area of 1,204,000 square kilometers and a population of 11.6 million (2004) with an annual growth rate of 2.4 percent. According to the most recent data, 31 percent of Mali's children under five years old are malnourished; only 52 percent of Malians have access to safe water (based on 20 liters per day per person), and about 80 percent lack basic sanitation. Poverty in Mali is essentially a rural phenomenon with the rural poverty incidence three times higher in rural areas than in urban areas. The poorest of the population are rural households engaged in subsistence agriculture. Growth in the agricultural sector is continually constrained by low rainfall, poor and fragile soils, loss of biodiversity, low productivity, due largely to the widespread use of traditional technologies, lack of socio-economic infrastructure, services, credit and financial services.

In spite of the above constraints, Mali's economic performance over the past decade has been commendable. Following the establishment of political and social stability in early 1990s, further macroeconomic and structural reforms, and the devaluation of the CFA franc in 1994, Mali's annual real GDP growth rate accelerated to an average of five percent over the period 1994-2002, largely driven by the private sector, which responded to a more liberalized regulatory environment. The poverty rate declined from 72 percent in 1994 to 64 percent in 2001.

Major Constraints and Issues

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.

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. Poor networks of rural/feeder roads that are inadequately linked to agricultural and cattle markets hinder producers from fully exploiting urban and export possibilities. In addition to limited access to basic education services and facilities, rural residents suffer from a range of diseases caused by polluted drinking water, poor sanitation, 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. Accelerated growth and better living conditions in rural areas require improvements in the sustainable provision of basic social and infrastructure services.

Top-Down Programming of Investments. Over the last ten years, Mali has genuinely embarked on a process of decentralization and community empowerment and participation. 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. Taking into account beneficiary needs; seeking their commitment (willingness to contribute to capital cost); and promoting their sense of ownership has not been systematic. While Mali has been a leading country in community participation, more remains to be done in order to improve service delivery throughout the country, especially in poor rural areas. Moreover, it is important to devolve the responsibility for managing local development to local populations, which 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 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 enterprise. Because previous experiences were not successful, support from government and external donors has faded over the years.

Government Rural Strategy

Government's Poverty Reduction Strategy and the Bank's CAS. Mali's Poverty Reduction Strategy Paper (PRSP), completed in May 2002, was endorsed by the World Bank and IMF Boards in March 2003 and is supported by the donor community. The policy direction and quantitative objectives of the PRSP are based on a vision of sustained and poverty-reducing growth. The strategy comprises 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.

In 2002 and 2003, Mali made satisfactory progress towards these PRSP objectives. Mali's economic situation improved significantly in 2003 in spite of the crisis in Côte d'Ivoire: real GDP growth was 6.0 percent in 2003 compared with 4.3 percent in 2002. Taking into account the sustained level of economic growth recorded and projected, and given the country's great potentials (particularly in agriculture), Mali has real assets to achieve the overall objective of reducing poverty and hunger, provided that growth is more redistributive than previously.

The Bank's Country Assistance Strategy (CAS) in Mali for FY 04-06, approved in July 2003, focuses on three main themes which directly support the PRSP pillars: (i) promoting growth by increasing agricultural productivity and diversification of rural incomes through promoting rural sector operations and non-rural sources of growth driven by the private sector; (ii) developing human resources; and (iii) improving public finance management and governance.

Mali is currently in the CAS base-case scenario and the key instruments of the CAS in support of these themes are the following: (i) support via Structural Adjustment Credits (SAC) towards eventual, broader Poverty Reduction Support Credits (PRSCs); (ii) community driven development operations supporting productive sectors and the fight against HIV/AIDS; and (iii) traditional investment operations targeting specific needs in transport and private sector development to enhance the competitiveness of Mali's economy.

Particular emphasis has been placed on developing the rural sector, since about 80 percent of Mali's population of almost 11 million lives in rural areas. According to a 1998 survey, an estimated 72 percent of Mali's population lives below the poverty line. Poverty in Mali is therefore essentially a rural phenomenon with the rural poverty incidence three times higher in rural areas than in urban centers. The CAS places emphasis on supporting competitive, broad-based growth in the rural sector by helping to increase agricultural productivity and production in a sustainable manner, by exploiting further the potential for irrigated agriculture, by diversifying agricultural and livestock production, and by implementing natural resource management programs. The proposed project fits well within these objectives and strategy.

Improving the Provision of Basic Rural Water and Sanitation Infrastructure. The Government's updated strategy in the rural water supply and sanitation sectors (adopted in March 2000) is to maximize the impact of existing safe supply and sanitation facilities to ensure that the sectors can respond to the demands of the population. Specifically, by decentralizing the decision-making process at all stages of the rural water supply and sanitation project cycles; requiring beneficiary commitment indicated by willingness to contribute to capital costs; greater beneficiary training in rural water and sanitation management, operation and maintenance and reduction in construction and maintenance costs. Some progress in increasing access to basic infrastructure and services has been made in Mali in the last few years. The government is implementing a project for the provision of safe water in rural areas (the FY2000 IDA-financed National Rural Infrastructure Program, PNIR). The PNIR project supports the development of rural transport infrastructure, rural water supply and sanitation, as well as the rehabilitation and/or construction of irrigation schemes for better control and management of irrigation water. However, this project only covers the Sikasso Region. Moreover, deficiencies in sanitation, solid waste collection and disposal facilities and drainage, not covered by the PNIR, remain a problem.

Rural Transport Infrastructure. The Government of Mali has designed a new national rural transport strategy and the extension of the rural road network has now been given high priority. The GOM has clarified responsibilities and procedures regarding road construction and maintenance at each level, from the main network (national/primary and feeder roads) to local roads. In the short run, local governments will have limited human and financial capacity to effectively carry out their new obligations. Therefore, the strategy calls for greater technical support to these local governments and communities by the Regional Directorates of Public Works in organizing and implementing road maintenance. Local communities will have to mobilize their own resources for the construction and maintenance of small, local rural roads (through user charges or labor). These community groups benefit from financial support from central government but under certain stringent conditions which do not allow them to meet their financial needs unless additional resources are made available through them (case of donor-funded projects such as the IDA-funded Rural Infrastructure Project).

Refocusing Ministry of Agriculture (MoA) on core public service functions. Under the PASAOP, the government is carrying out an institutional reform program for restructuring and strengthening (i) the core functions to be performed exclusively by the state, e.g. policy formulation, regulations; (ii) functions that the state can carry out with the private sector, producer organizations, NGOs, etc; and (iii) functions to be immediately privatized such as production, processing, marketing, input supply, credit, etc. The privatization program of commercial entities is in progress, including a rural works and equipment company (*Opération des Travaux et d'Equipement Rural*) and others. Under the PASAOP, the government intends to strengthen the efficiency and sustainability of the agricultural service system (public and private) as well as the capacity of the producer organizations to be the main actor in rural development. The government will also transfer some responsibilities and functions to autonomous or private entities, such as veterinary and artificial insemination services, management of slaughterhouses and agricultural extension services. Given the recent severe financial crisis in Mali's cotton sector, with Bank support, the government is implementing a new action plan for reforming and liberalizing the cotton sector, including the privatization of CMDT's agro-industrial and commercial activities.

Environmental Strategy to Improve the Management and Conservation of Natural Resources and the Environment. In 1995, Mali adopted several laws including a Law (95-004) on forest resources management and a law (95-031) on wildlife and habitat management. These laws were designed to be congruent with the decentralization process to ensure that communes were an essential part of natural resources management in Mali. Communes are responsible for managing and maintaining their domain that may comprise forests, waters, wildlife, etc. Implementation is not fully effective yet but the government is in the process of identifying the existing infrastructure and domains to be transferred to each commune; identifying transferable responsibilities for natural resource management; and identifying the modalities of such transfer. In 1999, Mali adopted a National Environment Action Plan which focused on strengthening national capacity, restoration of degraded areas and organization of a permanent system of control and monitoring of the environment. The 2001 Biodiversity Strategy and Action Plan confirms the country's commitment to the protection of the eight priority ecosystems. The strategy states that the management of national ecosystems must include: (i) sustainable use of resources; (ii) empowerment of communities and local Government and (iii) equitable distribution of conservation benefits. In 2002, the environmental agenda was under the responsibility of the Ministry of Rural Development.

Decentralization. In 1993, in order to provide better, more accountable services and increased local participation in the preparation and implementation of development programs, Mali adopted a basic legal framework for decentralization (Decentralization Law of 1993) and put in place several institutional structures with the establishment of local and regional authorities following local elections in 1999. The regulatory framework, further clarifying the respective roles and mandates of the newly established local governments is well developed. At the central government level, a special ministry was created in early 2000 (MATCL-*Ministère de l'Administration Territoriale et des Collectivités Locales*) to address the needs of the decentralized institutional levels more effectively. The devolved administrative structure presents the Government with significant challenges from an institutional as well as personnel management point of view, at both central and decentralized levels. With the decentralization process, 682 new communes (groups of villages, mostly rural) were formed. Most of these 682 new communes are lacking basic public infrastructure as well as technical/managerial capacity.

The scope for project intervention at the commune level is promising: many members of the NRM Village Councils, created under the IDA-supported NRM project were elected as members of the commune councils because of their acquired skills in participation, management, leadership and governance. In addition, decentralization procedures for transferring financial management functions and funds from the center to the regional and local levels have been defined.

Rural Development Strategy

The Ministry of Rural Development and Environment (*Ministère du Développement Rural et de l'Environnement* - MDRE) prepared a long-term master plan for rural development (*Schéma Directeur du Développement Rural*) in 1992 and an update in 2001 (*Actualisation)).* 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 (PNIR, PASAOP, Cotton Sector Restructuring Program) or in preparation (PCDA, RCDP).

Rationale for Bank involvement

As indicated above, the Bank has been strongly supporting the implementation of the 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 and the sector's Master Plan. This is to reflect the priority given by Malian authorities in favor of poverty reduction particularly in rural areas, and generating and accelerating broad-based growth. Over the last few years, to improve the performance of operations in the sector, the Bank has progressively restructured its portfolio in the rural sector in Mali towards supporting broad national programs, as opposed to more numerous and smaller self-standing investment projects. In this respect, the current portfolio matches more adequately the main sector development programs. This is also consistent with the orientation towards programmatic lending, which is one of the objectives of the CAS.

The Bank-assisted "Agriculture Services and Support to Producer Organizations Project" (PASAOP) fits well with the first-priority action program of the Rural Development Master Plan while the "National Rural Infrastructure Program" (PNIR) fits well with the second-priority action program and the Agricultural Competitiveness and Diversification Project (PCDA), recently approved, fits well with the second, eighth and ninth priority action programs. Similarly, this proposed project fits well with the second, fifth, eighth and ninth priority action programs.

The World Bank possesses wide experience in knowledge sharing, capacity building, and implementation of Community-Driven Development (CDD)-type programs from various parts of the world. In this project, the Bank's unique contribution lies in anchoring innovative ideas to successfully tested development activities in two preceding projects (NRM Project and GRIP).

The innovations include (i) designing and honing the interface between community development plans (at village-level) and communal development plans (at the municipal level) for two kinds of sub-projects (a) with public good characteristics at the communal level and (b) with private goods characteristics at the local (CBO) level and (ii) addressing rural areas in their entirety and promoting broad-based rural growth and service provision for both on- and off-farm activities by addressing the lack of capacity of rural micro enterprises.

In addition, 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.

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

MALI: Rural Community Development Project

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
Bank-financed		Implementation Progress (IP)	Development Objective (DO)
Economic Management	Structural Adjustment Credit IV, on-going	S	S
Social	Grassroots Initiative to Fight Hunger and Poverty (IF-N0370 – TF 29430), completed	S	S
	Population and Rural Water (Cr.2217-MLI), completed	S	S
	Health Sector Development Program, (Cr.31550-MLI), on-going	S	MU
	Education Sector Expenditure Program, (Cr.34490), on-goiong	MS	S
Transport	Transport Corridors Improvement Project, (Cr. 3869-MLI), on-going	U	U
Rural Development	National Rural Infrastructure Program (Cr.33930-MLI), on-going	S	S
	Agricultural and Producer Organizations (Cr.35830 MLI), on-going	S	S
	Agricultural Competitiveness and Diversification (Cr. 4094-MLI), not yet effective	S	S
Environment	Gourma Biodiversity Conservation, (TF054199-MLI), not yet effective	S	S
Other Development Agencies			
Local Development	UNDP Timbuktu Communal Development completed; UNDP Mopti Communal Development completed.		
Rural Development	Mopti Rural Development Project (ADB/ADF)		
Decentralization	Decentralization Sectoral Support Program (Government of Mali, European Union, French Development Agency, UNDP, German Cooperation, Canadian Cooperation, Dutch Cooperation, and African Development Bank).		

S: Satisfactory　　MS: Moderately Satisfactory
U: Unsatisfactory　　MU: Moderately Unsatisfactory

Annex 3: Results Framework and Monitoring

MALI: Rural Community Development Project

Results Framework

Hierarchy of Objectives	Outcome Indicators	Use of Results Information
Sector Related CAS Goal: • Poverty reduction: raising living standards. • Strengthen health services. • Strengthen education and literacy services. • Consolidate democratization and decentralization/ deconcentration process of government and public administration.	Sector Indicators • % of targeted villages with at least one potable water source; • % of targeted population with access to potable water; • Health service access rate ; • Number of functional community health centers; • Gross primary enrollment rate; • Girls gross primary enrollment rate; • Primary student/teacher ratio; • Degree of civil society participation in development strategy formulation, implementation and monitoring / evaluation.	Ministries, CSLP coordination committee integrate findings and gauge results directly attributable to project.
Project Development Objective	**Outcome Indicators**	**Use of Results Information**
Improve the living conditions of project-supported rural communities in terms of access to basic social services and sustainable income increase.	• By the end of the project, at least 75% of micro-projects implemented under the project for more than 3 years are still active; • By the end of the project, at least 80% of beneficiaries perceive positive social or environmental impacts as a result of project intervention; • By the end of the project, at least 80% of the stakeholders of the project perceive an improvement in their participation in the local and communal development process and activities; • By the end of the project, 80% of targeted communities perceive significant improvement in access to basic services	• Gauge revenue generation directly attributable to project; • Provide opportunity to targeted communities to gauge improvement to the environment in their own terms; • Provide opportunity to targeted communities to gauge improvement to their living conditions in their own terms. Complement quantitative impact analysis; and

	because of project interventions; and • By the end of the project, quantitative impact evaluation of project is positive.	• Assess overall impact of project beyond revenue-generated in the first indicator.
Intermediate Results One per component	Results Indicators	Use of Outcome Monitoring
Component A: Capacity Building • The governance and managerial capacity of targeted communes and local communities are improved.	**Component A:** • By the end of the project at least 80% of the communes have elaborated a satisfactory process of communal development plans; • By the end of the project, at least 75% of the communities that have benefited from a social, cultural or economic investment under the project still have functioning management committees and have upgraded monitoring capacities; • By the end of the project, 75% of the socio-professional groups that have benefited from a social, cultural or economic investment under the project still have functioning management committees and have kept up to date their monitoring instruments; • By the end of the project 80% of the communes are satisfied by support services provided to them; and • By the end of the project about 60 private service and training providers have benefited from project support for capacity building.	**Component A:** • Monitor governance of assisted communes; • Monitor communes' operational capacity to suggest eventual adjustment during implementation; • Monitor managerial capacity of assisted communes for an indication on sustainability; • Monitor effectiveness or support given to and by NGOs and rural micro-enterprises to suggest eventual adjustment during implementation.

Component B. Investments and Technical Support Services for Communal Initiatives. • The access to and sustainability of basic socio-economic services for the targeted communes are improved.	**Component B:** By the end of the project: • at least 80% of targeted communes have access to key social public services; • at least 450 social, cultural and economic investments have been implemented, together with corresponding training and technical and economic support; • At least 10% increase in the communal internal revenues; • At least 140 communal NRM investments executed and maintained through NRM management groups.	**Component B:** To suggest eventual adjustment during implementation: • Document the number of communal sub-projects on the ground; • Monitor the execution and functioning of communal sub-projects; • Monitor critical mass of socio-economic investments to increase communal internal revenues; • Monitor critical mass of NRM/environmental investments; and • Monitor the number of support services contracts.

Component C: Investments and Technical Support Services for Local Community-Based Productive Initiatives • The targeted communities have increased their income in a sustainable way.	**Component C:** By the end of the project: • At least 900 productive investments have been implemented, together with the corresponding technical support, assistance contract or training; and • At least 20% increase in the CBO revenues.	**Component C:** To suggest eventual adjustment during implementation: • Document the number of CBO sub-projects on the ground; • Monitor the execution and functioning of CBO sub-projects; and • Monitor the number of support services contracts.
Component D: Project Implementation, Monitoring & Evaluation, and Knowledge Management • Staff in place manage efficiently the project. • Beneficiaries are efficiently involved in project monitoring and evaluation. • Project data are regularly disseminated to all stakeholders.	**Component D:** • The RCDP steering committees meet at all levels as scheduled; • Procurement process (deadline) is assessed as satisfactory; • Acceptance of Special Accounts' SOE submitted for reimbursement is 100%; • Audit reports are on time and without reserve; • Periodic reports are timely produced; • project implementation plan executed as planned and in accordance with the PIM and agreed procedures; • M&E System in place and provides regularly robust social, economic, poverty and environmental data; • By the end of each calendar year during the implementation of the project, the project provided and shared with all the partners of the project socio-economic and environmental data on the project results; and • By the date of the midterm review and by the end of the project, the project provided and shared with all the partners of the project socio-economic and environmental data on the impact of the project.	**Component D:** • Ensure Borrower's ownership of project; • Promote multi-stakeholders partnership for project stewardship and implementation; • Verify decentralization of project orientation and implementation; • Ensure that procurement and financial management is adequate from Year1 to Year 6 and that mitigation measures for procurement and financial risks are in place for timely action; • Use M&E as tool for planning and decision-making for all stakeholders; and • Ensure efficient communication and knowledge sharing as a tool for planning and decision-making, innovation and good governance.

Arrangements for results monitoring

		Target Values					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
Sector Related • % of targeted villages with at least one potable water source • % of targeted population with access to potable water • Health service access rate • Number of functional community health centers • Gross primary enrollment rate • Girls gross primary enrollment rate • Primary student/teacher ratio	Prior to project effectiveness						Annual (CSLP report)	Field survey Annual survey Mid-term and final evaluations	CSLP monitoring committee
Project related • Percentage of micro-projects implemented under the project for more than 3 years that are still active; • By the end of the project, at least 80% of beneficiaries perceive positive social or environmental impacts as	Prior to project effectiveness					75%	Annual	Field Survey	PIU RPIUs

		Target Values					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
a result of project intervention Targeted communities perceive significant improvement in access to basic services [1] because of project interventions.	0% 0%			80% 80%		80% 80%			
Results Indicators for Each Component									
Component A: Capacity Building • Targeted communes follow a satisfactory process to plan their						80%	Quarterly (M&E report)	RCDP M&E Database Supervision	PIU RPIUs DNCT

[1] This keystone indicator is representative of a basket of social services indicators which will be monitored and which, in aggregate, will be assessed to represent improvements in basic social services provided, including the key sector related indicators.

		Target Values					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
communal development; • Percentage of the communities that have benefited from a social, cultural or economic investment under the project that still have functioning management committees ; • Percentage of the socio-professional groups that have benefited from a social, cultural or economic investment under the project that still have functioning management committees • The communes are satisfied by support services provided to them; • private service and training providers, supported by project	Total number of targeted communes					75% 75% 80% 60		mission Field survey Mid-term and final evaluations	(CCC&CCN)

		Target Values					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
		10	25	40	50				
Component B: Investments and Technical Support Services for Communal Initiatives.							Quarterly (M&E report – ANICT technical Report – OISE report)	OISE Database ANICT Database Supervision mission	PIU RPIUs ANICT DNCT
• Targeted communes with access to key social public services;	Prior to project effectiveness					80%			
• Total Project-Financed social, cultural and economic investments executed	0	50	180	310	400	450			
• Project-Financed social, cultural and economic investments working through management groups;	0			80%		90%			
• Financed Communal NRM investments executed	0					140			
• Financed Communal NRM investments maintained through NRM management groups;	0					140			
• Technical support services contracts passed.									

		Target Values					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
• Increase in the communal internal revenues;	0 Prior to project effectiveness	50	180	310 5%	400	450 10%			
Component C: Investments and Technical Support Services for Local Community-Based Productive Initiatives • Financed productive investments executed • Financed productive investments working through management groups • Technical support services contracts signed • Increase in the CBO revenues.	0 0 0 Prior to project effectiveness		275	550 80%	775	900 90% 900 20%	Quarterly M&E Report	RCDP M&E system Supervision mission	PIU RPIUs

Village Councils. Villages of the same commune are often very isolated and distant from each other with very little communication means. While enabling all villages to work together in the framework of the commune is very important, the need to have these isolated villages internally well organized is essential. Although they are not formal decentralized bodies, elected Village Councils have played an important role in helping village communities get organized and carry out several initiatives. With the implementation of the decentralization policy, they became the building blocks for the communal structures and have produced a large number of Communal Council members. However, as with Communal Councils, most of the Village Council members are illiterate and have no management skills. Similar capacity building efforts are therefore needed and will be provided under this project.

The rural community. While the elected bodies are receiving support in enhancing their capacities, within the villages and communes, the rural community itself needs assistance in preparing and implementing Communal Development and Investment Plans. These plans have been defined as three-year plans. The different steps of the participatory process are: (i) a broad long-term Communal Development Strategy (*Schéma d'aménagement communal - SAC*); (ii) a three-year Communal Development Plan (*Plan de Développement Economique Social et Culturel Communal – PDSEC*); and (iii) a three-year Communal Investment Plan - (*Plan d'investissement communal – PIC*). The communal development plans and communal investment plans may be merged into one document, the Communal Development and Investment Plan, the CDIP. Community members and local representatives will play a central role and will acquire a sense of ownership and collective responsibility in integrating the local development and investment plans into coherent and comprehensive CDIPs.

To strengthen its impact and sustainability, the project will pay particular attention to stakeholders' preparedness and understanding toward decentralization and local development, also to their capacities to hand over the project approach and to ensure the sustainability of project's investments. More specifically, this sub-component will propose two categories of actions:

(i) **Decentralization and local development**: the project will organize trainings on decentralization and local development, providing in-depth information on the justification, the objectives and the content of the current process. The training approach will contribute to fill in information gaps among the different categories of stakeholders. The methodology will alternate trainings and multi-stakeholders workshops, where actors will exchange information on their respective perception and understanding of the current decentralization process. As part of the project empowerment strategy, the proposed approach will therefore contribute to organizing more balanced and thus really participatory discussions between elected councils and grassroots communities. The final objective of this activity is to contribute to improve the quality of the current communal development plans. Its implementation will be subcontracted to international and local institutions (NGOs, firms, universities, etc…).

(ii) **Preparation of the community investment training modules**: The training modules that will be delivered in component B and C are part of the package that comes with the physical investments or the productive projects. They will be meticulously prepared under this subcomponent by hiring international and national firms. These firms will be asked to design the different modules, to elaborate didactic documentation and manuals, and to train trainers in local training centers. It is envisaged to prepare as much as four to five training centers per region. Then the different modules will be "bought" by communities and CBOs under components B and C. Three sets of modules have been identified so far for collective social investments: a literacy program for the management committee, socio-economic management and organization, specific techniques for each kind of investment (health, education, water, etc...). With their productive investments, CBOs will receive the three following modules: literacy program, rural entrepreneurship techniques and production techniques.

(iii) **Other training needs**: Funds will be available for specific training needs of members of the regional and local governments and to other training needs that could be identified during implementation.

Sub-Component A3 - Capacity strengthening of service providers for communities:

Service providers: 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. In each region, the project will organize training modules specific to the three categories of service providers: private advisory providers, regional and local public services and training centers. The content of the proposed modules here will focus on: participatory and community development approaches, demand-driven service delivery, private firm management, sector policies, public/private actors' respective roles and responsibilities, etc. The objective is to leave, after project closure, an environment of skilled and professional service providers that will pursue project activities in terms of advice and training to communities. In each of the four regions, this program will benefit as much as five private service providers, around 10 training centers and 20 to 25 agents of regional and local public services.

Quality of training programs: The project will closely monitor and evaluate training modules' impact and adaptation to communities' needs and expectations. It will provide funds for in-depth quality control and modules' adjustment and improvement based on beneficiary assessments. It will also support the dissemination of information through didactic and illustrated brochures, booklets or manuals, as well as documentations translated into vernacular languages. The project will organize regular consultations with training centers to assess difficulties, to identify joint solutions and possible improvements, and to harmonize training content and modalities among the four regions. To reach more people and sustain modules, the project may also pilot the establishment of small scale training centers at the local or communal level, specifically designed for grassroots communities. Different options, that the project may help test in the field, are envisaged and currently studied by the Government and some donors, such as the "*Centres Communaux de Dévéloppement Ccommunautaires*" proposed by the *Direction Nationale de l'Action Sociale.*

Implementation modalities: This component will be implemented under the responsibility of the project management unit at the national level, which will be organized as follows: (i) at the national level, the team will include an agronomist specialized in community development, assisted by a pedagogue, and one communication specialist and an assistant; (ii) at the regional level, each project antenna will hire an agro-economist who will supervise productive projects implementation and training modules execution. The implementation of this component will be undertaken in close collaboration with other projects/programs or institutions which target the same objectives and beneficiaries. Regular consultations will be organized to avoid duplications and overlaps, and to harmonize approaches. More precisely, the project will take into account the training strategy developed by DNCT ("*Direction Nationale des Collectivités Territoriales*"), inform it of the detailed activities undertaken by the ODCs in the field and work closely with it on training modules' quality control.

Cost and financing: The IDA Credit (US$13.8 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.

Project Component B. Communal Initiatives Fund, CIF (Investments and Technical Assistance for Communal Initiatives) - US$15.6 million

Objective: 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. It is proposed that within the approved 3-year Communal Investment Plan of the selected communes, 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. Several programs under the *Ministère de l'Administration Territoriale et des Collectivités Locales* have supported and are still supporting communal investments mechanisms through ANICT (the National Agency in charge of the financing of *Collectivités Territoriales).* The CIF will be located within ANICT and will follow the same financial procedures (see Annex 7). ANICT will be responsible for screening and approving micro-projects on the basis of eligibility criteria (see below). Agreements will be signed between the sectoral ministries in charge of social projects and programs for each region to specify the rules of the game (eligibility criteria, and 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 CLO to ensure that: (i) the sub-project is coherent with the "*carte scolaire*"; (ii) the Ministry of National 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.

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 under this component to these committees as a requisite package tied to the said communal investments.

<u>Mechanisms for communal micro-projects investments</u>: When necessary, the project will provide technical assistance to local governments (supported by component A1) to prepare Communal Development Plans (CDP) and Communal Investment Plans (CIPs). Village Associations and CBOs will be closely involved in this process. CDPs, instead of being the adding up of several Local Development Plans (LDP), will address inter-village issues and specific communal needs. The review of their technical feasibility will be done on-demand by the deconcentrated sectoral public services or by technical specialists. In accordance with their annual financial allocation, the local governments (communes) will prepare and submit micro-projects proposals to the PRU which will be responsible for ensuring their compliance with the PIM according to its set of specific eligibility criteria (see below). According to the law, communes have the ownership and management responsibilities of all social and socio-economic infrastructures, as well as natural resources and environment related investments. The PRU has no authority to decide whether the communal micro-projects are appropriate. If the normative control is positive, the PRU will transfer a grant to the account the commune

would have previously opened to that purpose. If the control is negative, the commune will be informed of the reasons so that another application can be prepared.

Communes may receive grants for any public micro-project they deem important as long as they meet the following eligibility criteria:

- the micro-project is consistent with the Communal Development and Investment Plan;
- the micro-project is not included in the negative list contained in the PIM ;
- beneficiaries contribute an agreed percentage of the value of the investment, as detailed in the PIM (between 5 and 15 percent). Contributions can be in the form of cash, labor or materials;
- the micro-project's total cost is under 200 million FCFA for a communal micro-project;
- the micro-project is consistent with national standards;
- the micro-project is consistent with RCDP environmental and social safeguard policies;
- a specific micro-project management committee has been set up and specific arrangements have been taken to run and to maintain the micro-project (i.e. the human and financial resources).

Eligible (but not exclusive) communal micro-projects:

Micro-projects may be:

- Collective social investments, including, but not limited to: schools, classrooms, teacher training, literacy (in the education sector); health posts, HIV/AIDS prevention centers, personnel training (in the health sector); rural feeder roads and small bridges (in the transportation sector); rural electricity (in the energy sector); wells and latrines (in the water and sanitation sector), land tenure initiatives and tele-centers (in the land management sector);
- Rehabilitation of agro-pastoral production site-to-market roads; rehabilitation or construction of smallholder trading posts and market collection centers; rehabilitation and construction of specific livestock infrastructure (such as vaccination posts; livestock markets; slaughterhouse; processing plants and butcheries); the support for the development of post harvest/processing/storage equipment and facilities; small-scale and participatory irrigation development in support to diversified farming systems; and
- Natural resources management activities for better water and soil management, soil fertility control, community forest management.

Under the project, resources will be allocated to the selected communes on a 5 to 15 percent matching grant basis depending on the type of investments (following ANICT criteria).

Cost and financing:

IDA Credit (US$13.8 million) will co-finance communal micro-projects and related technical support services in the whole project area through the Communal Initiatives Fund (CIF).

Project Component C. Local Productive Initiatives Fund (Investments for Local Community-Based Productive Initiatives) - US$ 23.8 million

Objective: 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). The regional RCDP Project Implementation Unit will be responsible for managing the LPIF according to PIM-LPIF execution manual (screening and selection process, and procurement). A commercial bank will be selected as a private fiduciary agent for channeling the funds.

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.

<u>Mechanisms for Local Community micro-projects</u>: After a participatory assessment of their needs, local CBOs will prepare micro-project proposals. The project will provide technical assistance (the four regional ODCs) to CBOs (supported by the component A1) to complete this process. They might contract service providers to prepare all technical documents (feasibility study and required technical support services) related to their request. The costs of these contracts will be considered as part of the micro-project's costs. The micro-project technical documentation would be sent to the RPIU which will be responsible for screening and approving micro-projects on the basis of eligibility criteria (see below). They will in particular be checked against the technical, social, environmental, and financial feasibility of the micro-project, as well as its consistency with national technical standards and regional strategies and the PIM.

Local CBOs may receive grants for any productive micro-project they deem important as long as they meet the following eligibility criteria:

- beneficiaries are eligible and have the legal status to implement and maintain the micro-project (if it is an infrastructure);
- the micro-project is not included in the negative list contained in the PIM;
- beneficiaries contribute an agreed percentage of the value of the investment, as detailed in the PIM (between 10 and 20 percent). Contributions can be in the form of cash, labor or materials with at least 5 percent in cash;
- the micro-project's total cost is above 2 million CFAF and under 20 million CFAF for a community micro-project;
- the micro-project is consistent with national technical standards;
- the micro-project is consistent with RCDP environmental and social safeguard policies;
- a specific micro-project management committee has been set up and specific arrangements (in particular management and technical training) have been taken to run and to maintain the micro-project (i.e. the human and financial resources).

<u>Eligible LPIF micro-projects:</u>

During the first three years 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 will 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. When a CBO micro-project has been selected, a contract will be passed between the CBO, the investment's provider, and the PRU. A LPIF account will be opened in a finance institution having a good regional network in the project areas. Payments to the investment's provider will be done according to the tripartite signed contract specifying the disbursement conditions/schedule. The regional RCDP Project Implementation Unit will be responsible for supervising the LPIF in accordance to the LPIF execution manual.

Pilot micro-finance program. Taking into account the existing network of micro-finance institutions and their limited capacity to provide medium-term credit in rural areas, a pilot program of strengthening micro-finance institutions will be developed under the project. It would consist of: (i) studies for reviewing the national policy and regulatory framework and preparing an implementation plan; (ii) preparing and implementing a training program for micro-finance institutions and communities on savings and credit basics, and; (iii) preparing and implementing a reinforcement and expansion program of existing micro-finance institutions.

Cost and financing: IDA Credit (US$21.9 million) will co-finance local community productive micro-projects and related technical support services in the whole project area through the Local Productive investment Fund (LPIF).

Project Component D. Project Management, Monitoring and Evaluation, Knowledge management - US$9.4 million

Objective. This component will support project coordination and management, monitoring and evaluation and knowledge management through three subcomponents: (i) project management; (ii) program monitoring and evaluation, and (iii) knowledge management and communication.

Subcomponent D1: Support to project management. Day-to-day management of project activities will be assigned to a Project Implementation Unit (PIU) under CSLP oversight and located in Bamako. It will 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 will 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 will work closely with the CSLP Monitoring Unit. Most of the activities will be subcontracted by the RPIU in accordance with RCDP procurement arrangements.

Four RPIUs will be responsible for coordinating project activities within their regions. Each RPIU will comprise an administrator, an environmental and social specialist, a monitoring and evaluation specialist, a procurement specialist, and an accountant. The RPIUs will be responsible for (i) coordinating and managing activities related to components A and C; (ii) monitoring and evaluating project activities in their territories and (iii) reporting to local stakeholders and to the PIU.

Activities to be executed under Component B will be managed by ANICT through a specific arrangement as defined in a Project Agreement.

Although the activities to be executed under Component C will be managed by the RPIUs, the channeling of LPIF funds will be done through a private fiduciary agent selected for each region on a competitive basis with a performance-based contract.

The detailed configuration of the PIU, the RPIUs, the profile of the staff and their job descriptions will be described in the Project Implementation Manual.

Subcomponent D2: Support to the project monitoring and evaluation. Monitoring and evaluation is an important tool for project management and will include the establishment of 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).

This subcomponent is designed to (i) ensure sound management of the project through daily technical and financial monitoring of its activities; (ii) enforce strategic, technical, and operational links between the project and sector strategies, CSLP, other development programs and projects, and more generally all stakeholders (in particular the beneficiaries) and (iii) optimize management of all the information generated and used by the different project management entities. Stakeholders at every level will be involved in gathering, processing, analyzing, storing, and disseminating the information required for transparent and efficient decision-making, as well as for sound financial and technical monitoring of activities. The subcomponent will rely on (i) a monitoring and evaluation system to follow financial and technical activities and (ii) a communication and knowledge management system for decision makers.

The M&E system will encompass project physical and financial execution, but also poverty and environmental data that would be used as part of the CSLP and the Environmental National Environmental M&E Systems. The M&E system will be designed and implemented as an integral part of the decentralization process being nationally conducted. The system will be structured and will use existing tools to provide information for decision making at all levels (commune, *cercle*, region, country). In this regard, monitoring at each level will be designed/reinforced to operate as a decentralized system to meet the appropriate information needs for decision making at that level, and not merely a data collection point for use elsewhere.

Moreover, the Project M&E reflecting the decentralization process as well as the local governments should be able to consult the overall system and also to manage their own information as a tool for good and transparent local governance. Information will be fed from one level to the next in the hierarchy of implementation, that is, from community level up to national level. To monitor the activities of components B and C, instead of developing a completely new system, RCDP will use, adapt and reinforce existing and efficiently working tools such as OISE and ANICT databases. Therefore, a total compatibility will be sought with RCDP own monitoring system.

A module "*Development operations and process monitoring*" will be developed, and based on the existing GIS database ("OISE"). It will help monitor: (i) existing or planned infrastructures, services, and development operations in the concerned regions, (ii) sector policies and (iii) the progression of the geographical scope of the project according to its implementation plan (ranging from "nothing happened" to "community fully empowered, with a strong involvement of local governments"). This tool would be used to update the Regional Development Frameworks. This Geographical Information System will use scanned maps from Mali IGN archives or satellite-rectified photographs as background to display the following layers:

- Existing or planned infrastructures: schools, health centers, water wells, markets, slaughterhouses and veterinary services, drainage facilities, socio-educational animation centers, roads, village stores, village territory with natural wood resource management, newly established wood plantations or otherwise reforested areas.
- Development operations under way for which are to be specified: objectives, sectors and themes, budget, effectiveness and closing dates, financing sources, and contacts.
- Geographic scope of the program evaluating the progress accomplished along a pre-defined process scale for a given area. National strategies and policies for poverty reduction, rural development, water management, health, education, transport, and environment will also be monitored with this module, but without geographical interface. This system, to be successfully implemented and used, would possess numerous links with other monitoring systems (sector monitoring or development programs monitoring) and especially with the ones linked to rural sector monitoring.

Environmental impact monitoring. Monitoring of environmental impact of demand driven investments will be made directly through the M&E system, which will gather environmental information early in the process of selecting the micro-project in order to take mitigation measures during implementation of the micro-project. This information will also be aggregated periodically to measure and correct cumulative environmental impacts of micro-projects. Complementarity and coherence will be sought between ESIS activities under the project and the proposed National Environmental Monitoring System supported by UNDP, as well as with ODHD and DNSI programs.

Accounting and financial monitoring. A consulting firm specializing in financial and accounting systems will be recruited to: (i) finalize the project's financial and administrative procedures (personnel and goods management, accounting, and disbursement), (ii) develop the software and install it in the PIU and RPIUs, (iii) train the staff, and (iv) provide the PIU with technical assistance for six months. Reports in accordance with the Financial Management Report format will be prepared three times a year. Once a year, an audit of the PIU and the RPIUs and a survey of a statistically representative number of beneficiaries will take place.

Beneficiaries' assessments. Light beneficiaries assessments will be conducted yearly and a more complete one at the end of the first phase. The RCDP will also continually look at participatory evaluation reports showing community satisfaction with RCDP and micro-project implementation. Global impact information would come from the Poverty Monitoring System.

Baseline Studies. Baseline data on individual communities/groups along with the EMEP family income survey will constitute the baseline information for the project. More precise data will be collected as soon as the targeted collectivities/organizations are defined.

Evaluation. Beneficiary assessments will be carried out to inform the mid-term review of the project. An overall impact evaluation of the project will be conducted as part of the ICR at the end of the project.

Subcomponent D3: Knowledge management and communication in the project. The participatory approach and the local dimension of the project highlights the necessity of sound knowledge management procedures during implementation. This activity will ensure efficient information circulation between the different stakeholders involved in the project. The term "information" here refers to every single hard or electronic copy of (i) accounting and financial reports, (ii) technical status reports and all related documents (such as financing request forms), (iii) contacts list, (iv) communication supports (such as brochures and flyers),

(v) Regional Development Framework (see Development Operations and Process monitoring) and (vi) technical support documents and publications (such as books, studies, and maps).

Therefore, a simple implementation manual describing the knowledge management and communication procedures will be written before project effectiveness. This activity includes the elaboration and maintenance of a Web site that will include various functionalities depending on the targeted audience: (i) General public: with an overview of the rural sector in Mali and a presentation of the project and its performances; (ii) Project financial partners: technical and financial status reports would be available, with a direct link to project performance and impact indicators, and (iii) Project technical partners: this part would provide experience-sharing tools for international and national experts interested in the technical aspects of the project. The latter will contain: (i) a repertory of technical documents by sectors (strategies, studies) and (ii) a calendar of project implementation events (studies launching, planning and validation workshops, etc.). This last part can be used to improve project activity procurement.

Cost and financing. The IDA Credit (US$9.4 million) will 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, dissemination and communication activities and (iv) technical and financial audits.

Annex 5: Project Costs

MALI: Rural Community Development Project

Project Cost By Component and/or Activity	Local US$ million	Foreign US$ million	Total US$ million
A. Capacity Building	9.6	2.5	12.1
B. Communal Initiatives Fund (CIF)			
• B1. Communal demand-driven Investment Grants	7.5	2.5	10.0
• B2. Communal Technical Support Services	2.3	0.5	2.8
C. Local Productive Initiatives Fund (LPIF)			
• C1. Local demand-driven Investment Grants	16.0	5.0	21.0
• C2. Local Technical Support Services	3.5	0.8	4.3
D. Project Management, Monitoring and Evaluation, Knowledge Management	4.8	1.4	6.2
PPF refinancing	1.1	-	1.1
Total Baseline Cost	44.8	12.7	57.5
Physical Contingencies	2.9	0.7	3.6
Price Contingencies	2.3	0.6	2.9
Total Project Costs[1]	50.0	14.0	64.0
Total Financing Required	50.0	14.0	64.0

Figures may slightly differ due to rounding.

Annex 6: Implementation Arrangements

MALI: Rural Community Development Project

Through the national coordination of the *Cadre Stratégique de Lutte contre la Pauvreté, CSLP*, the Ministry of Finances and Economy will have the overall oversight, while the Minister of Social Development will have the institutional responsibility for project implementation.

Implementation period. The program will be implemented over a period of up to six years. The progress made during the first three years will be assessed against the predefined performance indicators during a Mid-Term review.

Project implementation. A comprehensive Project Implementation Manual, a Monitoring and Evaluation Manual, and an Administrative, Financial, and Accounting Manual will be prepared and the key project personnel trained and in place for project effectiveness. The Project Implementation Manual will define procedural arrangements for implementing the project and will 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 is a condition of project effectiveness.

Implementation of RCDP will 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 the law and decrees of decentralization (MATCL, DNCT, November 2003), especially with regard to the rural communes.

- The Local Orientation Committee (CLO) is responsible for: (i) the technical assistance monitoring and supervising the coherent implementation of Local Development Plans. The committee includes (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).
- The Regional Orientation Committee (CRO) is responsible at the regional level for ensuring coherence of all Local Development Plans with the regional sectoral strategies.

Three levels in the administrative organization of the country will be involved in RCDP's organization: (i) community level: CBOs and Local Governments (*communes rurales)*; (ii) regional level and (iii) central level.

- Individuals in rural communities (*communautés rurales)* will form community-based organizations (CBOs). At the local level, decision and approval committees will 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 will 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 will be involved to share technical expertise and ensure compliance with national standards and policies. From the concerned deconcentrated line ministries, only technical clearance will be required prior to approval of communal development plans and sub-projects.

- A Regional Steering Committee will monitor and supervise implementation of Local Development Plans. The committee will 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 will (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, will 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.

Program Implementation, Coordination, and Monitoring. Day-to-day management of project activities will be assigned to a Project Implementation Unit (PIU) located in Bamako. It will 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 will 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 will work closely with the CSLP Monitoring Unit. Activities to be executed under Component B will be managed by ANICT under a Subsidiary Agreement.

Four RPIUs will be responsible for coordinating project activities within their regions. Each RPIU will comprise an administrator, an environmental and social specialist, a monitoring and evaluation specialist, and an accountant. Instead of being directive, they will concentrate their efforts on support activities to local communities through regular consultation with local stakeholders. The RPIUs will be responsible for (i) carrying out capacity-building activities at the communal and local level, (ii) screening and approving the local productive sub-projects, (iii) monitoring and evaluating project activities in their territories and (iv) reporting to local stakeholders and to the PIU. The detailed configuration of the PIU, the RPIUs, the profile of the staff, and their job descriptions will be described in the Project Implementation Manual. The activities to be executed under Component C will be managed by the RPIUs.

Annex 7: Financial Management and Disbursement Arrangements

MALI: Rural Community Development Project

A. Summary of Financial Management Assessment

Implementing Entities. From a financial management perspective, RCDP will build on the existing capacity of the previous GRIP/PAIB. Consequently, the Project Implementation Unit (PIU) will capitalize on the existing finance department headed by a Finance Officer and supporting staff. In line with the decentralization process, Component B (the Communal Initiatives Fund) will be managed by ANICT, and the channeling of funds for activities to be executed under Component C (Local productive Initiative Fund) will be contracted out to a private local Bank acting as a private fiduciary agent. Only Components A and D will be directly managed by the central PIU with its four regional offices.

Staffing. The PIU will appoint a Director of Finance and Administration, a Finance Officer and two Accountants with academic and professional qualification acceptable to the World Bank. Reporting to the Project Manager-Coordinator, the Director should be capable of directing and guiding the financial management operations of the Project in liaison with ANICT and the private fiduciary agent by making sure that they meet their obligations and prepare relevant reports for the PIU.

Risk analysis. The overall conclusion of the Mali Country Financial Accountability Assessment (CFAA) carried out in 2002 and completed in 2003 is that "*the public finance management system is fairly coherent with relatively strong budget procedures implemented within a clear institutional setting with improving and strengthened control measures*". It goes on to add that "*This reality should not hide malfunctions for which appropriate dispositions should be taken.*" In essence, the CFAA shows that significant progress has been made in the areas of financial management. The country's own control systems are operating more efficiently despite a few weaknesses in the supervision of projects.

Consequently various measures to mitigate these risks have been agreed and thus the project risk from a financial management perspective could be **moderate** provided the risk mitigating measures are properly addressed. Therefore financial management arrangements are designed to ensure that (i) funds are used for the purpose intended, (ii) timely information is produced for project management and government oversight and (iii) the compliance with IDA fiduciary requirements is facilitated.

Control Risks. The project risk from a financial management perspective is considered **moderate** given: (i) the financial outsourcing arrangements (convention/protocol) with the fiduciary agents (ANICT and private fiduciary agent) based on their experience and capacity in this regards and (ii) the existing capacity of the preparing unit built on the previous PAIB that will be maintained and reinforced when need be throughout the project life.

The table below identifies the key risks that project management may face in achieving its objectives and provides a basis for determining how management should address these risks.

Risk	Risk Rating	Risk Mitigation Measure
Inherent Financial Management Risks: • Funds may not be used in an efficient and economical way and exclusively for purposes intended due to corruption and poor governance.	M	⇨ The team of appropriately qualified and experienced staff may reduce this risk; ⇨ Strong internal control procedures to be set up and maintained. Though, there is a need for strengthening the process of follow-up of Audit Reports and regular assessment of fiduciary firms' deliveries; ⇨ Public and private experienced fiduciary agents will be selected to reduce the risks related to channeling of funds at the local level in an efficient & safe manner.
Financial Management Control Risks: • Teething problems may jeopardize timely and accurate financial reporting and disbursement process, particularly the consolidation of reporting from fiduciary agents.	M	⇨ Terms of Protocol with fiduciary agents should specify the nature, format and periodicity of expected reporting; ⇨ Appropriate details should be developed in the manual of procedures with training provided to all stakeholders before effectiveness.
H = High S = Substantial		M = Moderate N = Low/negligible

Information Systems: The existing integrated information system will be revised and adjusted at the central level and deployed at the regional level with an appropriate manual of procedures in line with the fiduciary agencies (ANICT & private fiduciary agent).

Financial Reporting and Monitoring. Monthly, quarterly and annual reports will be prepared by the Finance Officer in collaboration with fiduciary agents, and then submitted to PIU management and IDA for the purpose of monitoring project implementation.

Monthly: (i) Bank Reconciliation Statement, (ii) Statement of Cash position, (iii) Statement of expenditures, (iv) Statement of Sources and Uses of funds.

Quarterly: (i) Financial Reports, (ii) Physical Progress Reports, (iii) Procurement Reports, (iv) Special account statement/reconciliation.

Annually: An annual project financial statements consisting of the following: (i) Statement of Sources and Uses of funds (by Credit Category/by Activity showing IDA and Beneficiaries Funds separately); (ii) Statement of Cash Position for Project Funds from all sources; (iii) Statements reconciling the balances on the various bank accounts (including IDA Special Account) to the bank balances shown on the Consolidated Statement of Sources and Uses of funds; (iv) Notes to the Financial Statements. Indicative formats for the reports are outlined in two Bank publications: (a) quarterly FMRs in the FMR Guidelines and (b) monthly and annual reports in the Financial Accounting, Reporting and Auditing Handbook (FARAH).

Accounting Policies and Procedures. Project accounts will be maintained on an accurate basis, augmented with appropriate records and procedures to track commitments and to safeguard assets. Accounting records will be maintained in Francs CFA. The Chart of

Accounts will facilitate the preparation of relevant monthly, quarterly and annual financial statements, including information on the following:

- Total project expenditures,
- Total financial contribution from each financier,
- Total expenditure on each project component/activity, and
- Analysis of that total expenditure into civil works, various categories of goods, training, consultants and other procurement and disbursement categories.

Annual financial statements will be prepared in accordance with International Accounting Standards (IASs). All accounting and control procedures will be documented in the manual of procedures, a living document that will be regularly updated by the financial officer.

B. Audit Arrangements. The IDA Agreement will require the submission of Audited Project Financial Statements to IDA within six months after year-end. Qualified external auditors will be appointed on TORs acceptable to IDA to audit all the project funds managed by the PIU, ANICT and the private fiduciary agent. A single opinion on the Audited Project Financial Statements in compliance with International Standards on Auditing (ISAs) will be required, including the accuracy and the property of expenditures made under the SOE procedures, and the extent to which these can be relied upon as a basis for grant disbursements. In addition to the audit reports, the external auditors will be expected to prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants in the IDA agreement.

C. Disbursement Arrangements.

Disbursements under the Rural Community Development Project will be made by components in accordance with Schedule 1 of the Development Credit Agreement. In the initial stages of implementation, expenditures will be claimed on the basis of transactions for goods, works and services within each component, using the procedures described in the Disbursement Handbook.

At the end of the first year of implementation the project will be able to elect report-based disbursements, subject to a satisfactory Financial Management Assessment conducted by IDA.

Project activities will be financed through three Special Accounts managed by (i) the PIU for activities under components A & D (SA-A), and C (SA-C) of the project and (ii) ANICT for communal initiatives (SA-B) under component B. Disbursements under component C will be made through a performance-based contract signed between the PIU and a private fiduciary agent responsible for channeling funds to the beneficiaries of local productive initiatives.

Interest income received on the Special accounts will be deposited in a separate account of the Borrower.

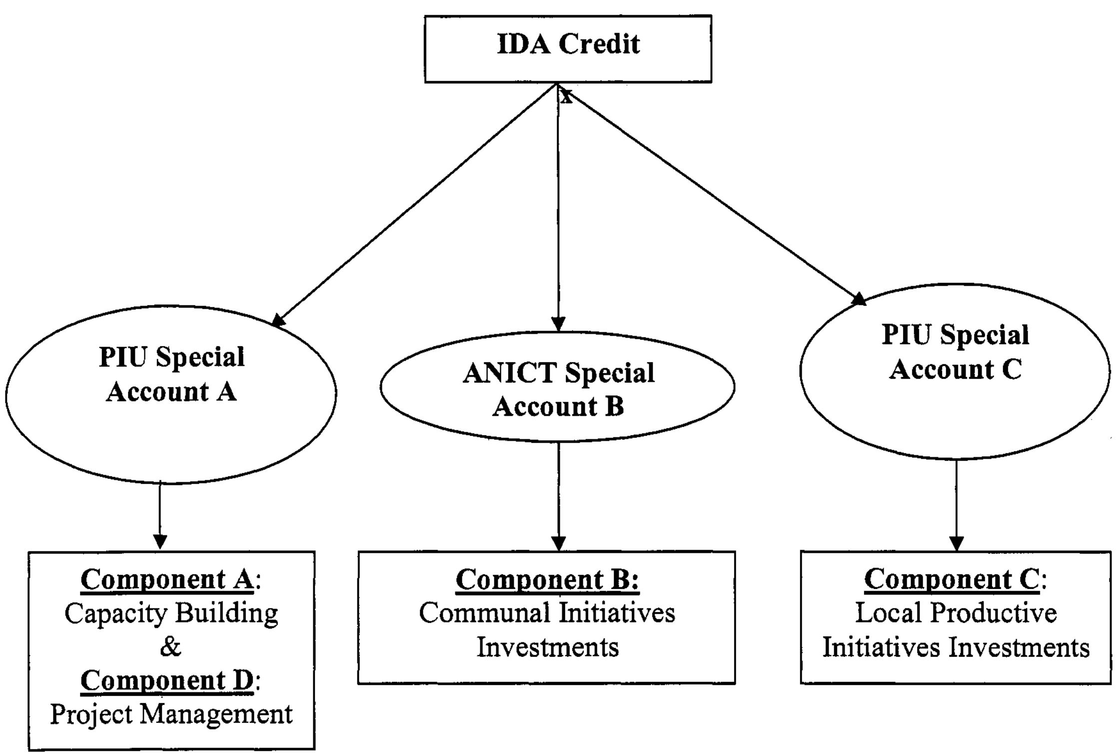
Statement of Expenditures (SOEs)

Disbursements for all expenditures should be made against full documentation except for contracts valued at less than: (i) US$300,000 for works; (ii) US$200,000 for goods; US$100,000 for consulting firms and US$50,000 for individual consultants, as well as training, studies and operating costs. All supporting documentation for SOEs will be retained at the PIU, ANICT and the communities and they will be made readily accessible for review by periodic Bank supervision missions and external auditors.

Special Accounts

To facilitate project implementation and reduce the volume of withdrawal applications, three special accounts will be opened in FCFA in a commercial bank on terms and conditions acceptable to IDA. Special Account A and Special Account C will be managed by the PIU and Special Account B by ANICT. The authorized allocations will be FCFA 1 billion for Special Account A, FCFA 450 million for Special Account B, and FCFA 1 billion for Special Account C. The amounts have been calculated to represent approximately 4 months of eligible expenditures for the PIU and six months for ANICT. Upon effectiveness, IDA will deposit FCFA 500 million in Special Account A, FCFA 225 million in Special Account B, and FCFA 500 million in Special Account C, representing 50 percent of the authorized allocation. The balance will be made available, when the aggregate withdrawals from the credit account plus the total amount of all outstanding special commitments entered into by the Association shall be equal to or exceed the equivalent of SDR 7 million for Special Account A, SDR 3 million for Special Account B, and SDR 7 million for Special Account C. The Special Accounts will be used for all payments inferior to 20 percent of the deposited amount and replenishment applications will be submitted at least once a month. Additional deposits by IDA into the SA will be made against withdrawal applications supported by appropriate documents. The Special Accounts will be audited annually by external auditors acceptable to IDA as part of the overall project audit.

Summary of IDA Funds Flow Diagram



Allocation of IDA Credit Proceeds

Category	Amount in SDR million	Financing Percentage
1. Capacity Building	8.15	100%
2. Communal Initiatives Fund	7.40	100%
3. Local productive Initiatives Fund	15.55	100%
4. Project Implementation, Coordination, Monitoring & Evaluation, Knowledge Management	4.18	100%
5. Refinancing of PPFs	0.75	
6. Unallocated [1]	4.37	
Total	**40.40**	

[1] Physical and price contingencies

Annex 8: Procurement Arrangements

MALI Rural Community Development Project

A. General

Use of the Bank Guidelines

Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Legal Agreement. The general description of various items under different expenditure categories is described below. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement of Works. Works procured under this project, will include infrastructure for:

- construction/rehabilitation of office building;
- demand-driven investments for (i) social and socioeconomic infrastructure and (ii) natural resources management and biodiversity conservation;
- Collective social investments, including, but not limited to schools, classrooms, teacher training, literacy (in the education sector); health posts, HIV/AIDS prevention centers (in the health sector); rural feeder roads and small bridges (in the transportation sector); rural electricity (in the energy sector); wells and latrines (in the water and sanitation sector), land tenure initiatives (e.g. natural resources management activities for a better erosion control, soil fertility control, community forest management) and tele-centers (in the land management sector);
- public socio-economic investments and marketing public infrastructure at the commune level such as markets, storage facilities, slaughterhouses;
- micro-projects proposed by local rural community-based organizations (CBOs with legal status) as Local Productive demand-driven Investment Grants.

In this regard, most of the works are small works in remote areas and may not attract foreign bidders: they may be procured under NCB (National Competitive Bidding) or shopping for small works. Infrastructure for communication consisting in the construction of feeder roads and infrastructure for marketing consisting in the construction of market places, including facilities for conditioning, logistical and storage, may conduce to works for large scale contracts which will likely attract foreign bidders: they may be procured under ICB (International Competitive Bidding) if this method is justified. The procurement will be done using the Bank's Standard Bidding Documents (SBD) for all ICB and National SBD agreed with (or satisfactory to) the Bank.

National Competitive Bidding (NCB) advertised locally, may be used for contracts estimated to cost less than US$500,000 equivalent, and will be carried out with procedures acceptable to the Bank and ensuring the following: (i) bids are advertised in national newspaper with wide circulation; (ii) bid evaluation, bidder qualification and award criteria are specified clearly; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidders; eligible bidders, including foreign bidders, are not precluded from participating; and (v) no preference margin is granted to domestic contractors.

Small works estimated to cost less than US$50,000 equivalent per contract may be procured through shopping, based on price quotation obtained from at least three contractors in response to a written invitation to qualified contractors.

Small works estimated to cost less than US$50,000 for demand-driven investments, collective social investments, public socio-economic investments and marketing public infrastructure, micro-projects, may be procured under simplified procedures for community participation in procurement.

Procurement of Goods: Goods procured under this project will include vehicles, office supplies, computers, office equipment, specific equipment (i) for public socio-economic investments and marketing public infrastructure at the commune level (i.e. for markets, storage, slaughterhouses) and (ii) for micro-projects proposed by local rural community-based organizations, etc. The procurement will be done using Bank's standard bidding documents for all International Competitive Bidding and National SBD agreed with (or satisfactory to) the Bank. National Competitive Bidding advertised locally may be used for contracts estimated to cost less than US$200,000 equivalent, and will be carried out with procedures acceptable to the Bank and ensuring the following: (i) bids are advertised in national newspapers with wide circulation; (ii) bid evaluation, bidder qualification and award criteria are specified clearly; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidders; eligible bidders, including foreign bidders, are not precluded from participating and (v) no preference margin is granted to domestic suppliers. Small quantities such as office supplies, consumable materials and spare parts available off the shelf and which cannot be grouped into packages of a least US$50,000, will be procured through shopping, based on price quotation obtained from at least three reliable suppliers in response to a written invitation to qualified suppliers. Office equipment and vehicles estimated to cost less than US$100,000 per contract may also be procured from IAPSO. Small contracts for goods estimated to cost less than US$50,000 for demand-driven investments, collective social investments, public socio-economic investments, marketing public infrastructure and micro-projects may be procured under simplified procedures for community participation in procurement.

Procurement of non-consulting services: Non-consulting services are likely not to exceed the equivalent of US$100,000 per contract. The procurement of such services will be done using bidding documents agreed with (or satisfactory to) the Bank. For those contracts, NCB will be carried out. For contracts estimated to cost less than US$50,000, shopping procedures may be used in the same way as for the procurement of goods.

Selection of Consultants: Consultants services under this project will include: (i) monitoring, supervision and project management, (ii) setting-up of accounting management system, financial and contract management, (iii) project coordination staff, technical advisory services for capacity building and support for the project implementation staff, (iv) technical and financial audit, (v) training and workshop, (vi) feasibility studies, (vii) technical studies for the design of infrastructures, (viii) consultancy for supervision of infrastructures construction, (ix) contract management and (x) individual consultants services for small studies and specialized advisory services (special assignments, technical assistance). Consultants services will include other specific services related to communities, such as: (i) information and mobilization of communities, (ii) capacity building for grassroots communities and decentralization stakeholders, (iii) capacity building for service providers for communities, (iv) communal technical support services and local technical support services, (v) technical advisory services and training to strengthen RCDP's management entities (procurement, financial management, disbursement, monitoring and evaluation), (vi) beneficiary impact assessments, project monitoring and evaluation, social and environmental impact studies, knowledge dissemination and communication, and (vii) personnel training (e.g. in health sector). Short lists of consultants firms for services estimated to cost less than US$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Specific consultants' services involving any special arrangement for the use of universities, Government Research institutions and NGOs will follow special arrangements regarding the selection of such entities. For consultants services related to works and goods for demand-driven investments, collective social investments, public socio-economic investments and marketing public infrastructure and micro-projects, the selection method based on consultants' qualification or the selection method based on a fixed budget may be used. The PIU will assist the concerned communities in the selection process.

Concerning Training, Workshops and Study Tours if any, at the beginning of each year, the PIU will submit its proposed plans in the form of an annual action plan for the coming year, to be reviewed by IDA. The plan would indicate the persons or groups to be trained, the type of training to be provided, indicative learning outcomes, the provider and the location of the training, its estimated cost, and as the case may be, the financial contribution from the beneficiary(ies). Selection of training institutions for workshops/training should be based on a competitive process, using the selection method based on consultants'qualification.

The Standard Request for proposal (RFP), as developed by the Bank, will be used for the selection of consultants. The PIU (or any Contract Management Agency involved in the project execution) will ensure widely publicized Requests for Expressions of Interest (REI) for all contracts for consultants, except for single source when applicable.

Operating Costs: Operational costs which will be financed by the project will be procured using the implementing agency's administrative procedures reviewed and found acceptable to the Bank.

Reference to the National Procurement System: The Malian Procurement Code is regulated by the Decree n° 95-401/P-RM of November 10th, 1995. This code was reviewed in 1999 with IDA assistance, and an amendment was made under the Decree n° 99-292/P-RM of September 21st, 1999. In general, the country's procurement procedures do not conflict with the Bank Guidelines. No special permits or licenses need to be specified in the credit documents, since Mali procurement practices allow IDA procedures to take precedence over any contrary local regulation or practice.

A Country Procurement Assessment Review (CPAR), carried out in Mali in December 1998, flagged the main issues such as the lack of capacity among the borrower staff, absence of standard bidding document at the national level, insufficient capacity of local contractors for contract subject to ICB, and corruption practice. Recommendations were made to address these issues. In addition, an IDF Grant was provided to strengthen the Borrower capacity in procurement, modernize the procurement process and improve the regulation. A CPAR update has been carried out in 2004: the recommendations and action plan of this exercise will be taken into consideration during project implementation.

B. Assessment of the agency's capacity to implement procurement

Procurement activities will be carried out by a PIU at the central level, and four RPIUs (Regional Project Implementation Unit) at the decentralized level in four Regions inside the country. The PIU and each RPIU will include a Procurement Unit with qualified staff.

The unit which prepares the project on the Borrower's side is part from (i) the former PIU which executed the Grassroots Initiatives Project against Hunger and Poverty, under an IDA Grant (N037), and from (ii) the one which executed another IDA financed project, the "Natural Resources Management Project" with community participation in procurement under the PIU assistance. These two units had proficiency in contract management and in procurement under small contracts for sub-projects at the benefice of grassroots communities. In term of possible weaknesses, they have not dealt with very large contracts (involving standard bidding documents for ICB), nor with full community participation in procurement; they have also to improve in procurement planning. In addition, they have worked in limited areas, so there might be a need of more qualified procurement staff in order to perform the increased number of procurement activities. Another scheme is that a new recruitment process might be done for staffing the PIU: in this scheme, it is necessary to recruit qualified staff for the procurement function.

As the RPIUs to implement procurement actions for the project have not yet been created, an assessment of their capacity was not possible. The beneficiary communities concerned by this project, have not any experience in community participation in procurement.

It is recommended that, related to the organizational structure for implementing the project, the PIM (Project Implementation Manual) outlines the interaction if any, between the PIU/RPIUs in their responsibility for procurement and the Ministry's relevant central unit for administration and finance. This PIM to be prepared by the Borrower, prior to the effectiveness of the credit, will include a specific section on procurement, detailing in addition to the procurement procedures, the SBDs and other standard procurement documents to be used.

The issues/ risks to be avoided concerning the procurement component for implementation of the project would include:

- insufficient number of procurement staff, in view of the possible increased number of procurement actions and the time constraints related to the kind of business and the kind of clients for this project, i.e. communities;
- possible insufficiency in detailed procurement activities: (i) procurement planning, (ii) especially for new staff, the preparation of bidding documents or requests for proposals, the evaluation of bids or proposals, the contract negotiation, the contract execution and supervision, (iii) procurement filing;
- insufficient knowledge in procurement with community participation; and
- insufficient liaison if the case may be, between the procurement staff and other relevant staff in the project implementation unit or at the level of the central unit for administration and finance.

The corrective measures which have been agreed are:

- recruit an adequate number of qualified staff;
- intense capacity building including clinics on procurement and hands-on trainings in order to alleviate all the weaknesses that would be identified.

The overall project risk for procurement is high.

C. Procurement Plan

The Borrower, at appraisal, developed a Procurement Plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team on April 13, 2005 and is available at the office of the Project Preparation Unit in Bamako, Mali. After the project negotiations, it has also been made available in the Project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, and regarding the possible issues about the capacity in procurement of the Implementing Agency it is recommended to carry out one supervision mission each quarter during the first year of the project, and one supervision mission each semester after the first year, to visit the field and to carry out post review of procurement actions.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

Works

REF N°	Contract (Description)	Estimated Cost (Million CFAF)	Procurement Method	P-Q (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid Opening Date	Comments
1	Office rehabilitation	0,015	Quotation	NO	NO	Post (1*)	NA	Prior review for the first 3 contracts
2	Communal investments : 312 micro-projects (1)	2,774	Quotation (2)	NO	No (3)	Post (*) (1*)	NA	Prior review for the first 3 contracts
3	Productive investments : 550 micro-projects (1)	3,035	Quotation (2)	NO	No (3)	Post (*) ·(1*)	NA	Prior review for the first 3 contracts
S/TOTAL B		5,824						

Post (1*): the first 3 contracts irrespective of value will be subject to prior review by the Bank.
Micro-projects (1): micro-projects under financing contracts.
Quotation (2): for works grouped into packages may be procured following National or International bidding.
No (3): no domestic preference in the case of national quotation or national bidding.
Post (*): grouped contracts to cost above US$300,000 will be subject to prior review by the Bank.
NA (*): grouped contracts to cost above US$300,000 will be subject to prior review by the Bank.

Goods

REF. N°	Contract (Description)	Estimated Cost (Million CFAF)	Procurement Method	P-Q (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid Opening Date	Comments
1	PIU and RPIU Vehicles	293,4	ICB	No	NO	Prior	30/07/05	
2	PIU and RPIU Office equipment	155,5	ICB	No	Yes	Priori	05/08/05	
3	PIU and RPIU Computer equipment	126,4	ICB	No	Yes	Prior	15/08/05	
4	Equipment for communal investments (312 micro-projects (1)	694	Quotation (2)	No	No (3)	Post (*) (1*)	Periodic	Estimate for 312 micro-projects
5	Equipment for local productive investments (550 micro-projects (1)	1301	Quotation (2)	No	No (3)	Post (*) (1*)	Periodic	Estimate for 550 micro-projects
S/TOTAL C		2570,5						

Post (1*): the first 3 contracts irrespective of value will be subject to prior review by the Bank.
Micro-projects (1): micro-projects under financing contracts.
Quotation (2): for works grouped into packages may be procured following National or International bidding.
Non (3): no domestic preference in the case of national quotation or national bidding.
Post (*): grouped contracts to cost above US$300,000 will be subject to prior review by the Bank.
NA (*): grouped contracts to cost above US$300,000 will be subject to prior review by the Bank.

Non Consulting Services

REF. N°	Contract (Description)	Estimated Cost (Million CFAF)	Procurement Method	P-Q (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid Opening Date	Comments
1	Information/Education /Communication broadcast 10 single contracts under US$100.000	67	Shopping	No	No	Post	30/09/05	Estimate for 10 contracts
	S/TOTAL	67						

(b) Works: ICB Contracts estimated to cost above US$500,000 equivalent per contract and all Direct contracting will be subject to prior review by the Bank.
For NCB contracts, the first 3 contracts irrespective of value, and all contracts above US$300,000 will be subject to prior review by the Bank.
(b) Goods: ICB Contracts estimated to cost above US$200,000 equivalent per contract and all Direct contracting will be subject to prior review by the Bank.
For NCB contracts, the first 3 contracts, irrespective of value, will be subject to prior review by the Bank.

Consulting Services

(a) List of Consulting Assignments

Con: ulting Services

REF N°	Contract (Description)	Estimated Cost (Million CFAF)	Selection Method	Review by Bank (Prior/ Post)	Expected Bid-Opening Date	Comments
1	Information/Communication	42.7	QS	Post	30/06/05	Provision for 1 contract
2	ODC Technical Assistance 4 separated contracts	1,515	QCBS	Prior	15/07/05	Provision for 4 contract
3	Support to the ODCS: 8 separated contracts of less than US100,000	200.0	QS	Post	30/07/05	Provision for 8 contract
4	Local development seminars	600.0	QCBS	Prior	30/07/05	Provision for 1 contract
5	Investment management. At least 2 contracts	210.0	QCBS	Prior	30/07/05	Provision for at least 2 contracts
6	Capacity building sessions for the communes : Managed by DNCT (*Direction Nationale des Collectivités Territoriales*)	150.0	QS	Prior	NA	Provision for 5 training sessions
7	Training sessions for demand-driven financing mechanisms : At least 10 contracts	200.0	QCBS	Post	15/06/07	Provision for at least 10 contracts
8	Technical Assistance to service providers	400.0	QCBS	Prior	30/05/06	Provision for 1 contract
9	TA for quality improvement of training centers (CDC centers): At least 6 contracts of less than US$100,000	300.0	QC	Post	15/08/05	Provision for at least 6 contracts
10	Hiring of an Agro-economist	19.2	QS	Post	20/05/05	
11	Support Services for communal sub-projects	867	QS	Post (*)	15/04/06	Provision for 312 micro-projects
12	Support Services for local productive sub-projects	1,084	QS	Post (*)	15/04/06	Provision for 550 micro-projects
13	Annual Audit	45.0	LCS	Prior	15/06/06	-
14	Procedures Manual	15.0	QS	Prior	30/05/05	-
15	Baseline studies and environmental monitoring	20.0	QS	Post	15/06/05	-
16	Other surveys and studies	15.0	QS	Post	15/07/05	-
	S/TOTAL A	5,682.9				

QS = Qualification selection; LCS = least cost selection; QCBS = quality and cost based selection.
NA = Non Applicable.

Post (*): prior review for grouped contracts to cost above US$100,000 equivalent.

(b) Consultancy services estimated to cost above 100,000 US$ equivalent per contract and all Single Source selection of consultants (firms) will be subject to prior review by the Bank.

(c) **Short lists composed entirely of national consultants**: Short lists of consultants for services estimated to cost less than 100,000 US$ equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultants Guidelines.

Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value in US dollars (Threshold)	Procurement Method	Contracts Subject to Prior Review/Estimated Total Value Subject to Prior Review (US$)
1.Civil works	< $50,000	Community participation, and/or minor works (3 quotations)	- The first 3 contracts through community participation. - The first 3 contracts for small works.
	= or > $50,000 and < $500,000	NCB	- First 3 contracts irrespective of value. - All contracts above $300,000. - In all cases, the description of the works.
	= or > $500,000	ICB	All Contracts
2. Goods: Vehicles, Equipment, Furniture, Supplies	<$50,000	Shopping, IAPSO	None
	= or > $50,000 and < $200,000	NCB; [IAPSO may be used for office equipment and vehicles]	- The first 3 contracts irrespective of value. - In all cases, the specifications of the goods.
	= or > $200,000	ICB	All Contracts
3. Non-consulting services	< $50,000	Shopping	- None. - Description of the services
	= or > $50,000 and < $100,000	NCB	- None. - Description of the services
4. Consultant Services	< $200,000	Various Methods (to be agreed annually based on the Annual Work Program, and translated in the Procurement Plan)	- All contracts estimated = or > $50,000 for individual consultants. - All contracts estimated = or > $100,000 for consulting firms. - Terms of Reference for all contracts irrespective of value and nature of consultant.
	= or > $200,000	QCBS	- All Contracts [Note: Short-lists are subject to Request of Expressions of Interest published in UNDB and dgMarket].
5. Training, workshops, study tours	All Values	Preferably CQ (planning to be agreed annually based on the Annual Work Program)	Annual program.

N.B.
(i) All terms of reference for consulting services will be subject to IDA's prior review.

(ii) Procurement performance will be assessed on an annual basis (in the form of procurement audits by an external agency or of post-review either by the Bank's specialists or independent consultants), and the threshold levels for various methods of procurement may be revised based on the assessment results.
(iii) Training abroad and in-country, workshops and study tours will be carried out on the basis of approved annual programs that would identify the nature of training/study tours/workshops, institutions where training/study tours/workshops would be conducted (selection of institutions and justification thereof), cost estimates and contents of the course.

Annex 9: Economic and Financial Analysis

MALI: Rural Community Development Project

Financial and Economic analysis

The project is expected to generate many benefits, some economic in nature and others social and environmental in nature. One cannot undertake a Cost Benefit Analysis (CBA) for the whole project because of this mix, and more specifically for the following reason: (i) benefits of the capacity-building components (empowerment of communities and support to local governance) defy quantification; (ii) socio-economic and productive investments will be on a demand-driven basis, it is difficult to predict precisely the number of each possible investment; and (iii) benefits from investments in natural resource management, education, health, similarly cannot be easily quantified in monetary terms. However, one can undertake an illustrative CBA of the income-generating activities, which CBO and socio-professional organizations are expected to undertake.

Financial Analysis. In Mali, water and labor are the two main limiting factors for improving agricultural productivity and for increasing the revenues of the rural community. RCDP would contribute to increasing, diversifying, and securing the sources of growth in the rural areas and thus would lead to improving the revenues of the rural population and securing the capacity of production on-farm and off-farm.

The financial analysis has been conducted by focusing on beneficiary CBOs, rather than on macro considerations of national food security or export earnings. Information on the production systems collected during the field visits provided the key parameters for the various budgets and income analysis of the various possible productive investments. Production models and financial budgets were defined for the most critical interventions for income generating activities such as soil and water conservation (dikes and thresholds), horticulture, bee-keeping, poultry, small livestock feeding, small fisheries, mill, village store, etc. Given the wide variations occurring within the production systems, the models are indicative. The financial analysis has been prepared using relatively conservative parameters, but the main indicators for assessing the financial results of the sub-projects are: gross margin, benefits, returns and incremental returns to family labor and benefit/cost ratios.

The table below summarises the key results of the analysis, the financial returns and ratios for various productive micro-projects. The financial attractiveness of these micro-projects is highlighted by the sound internal rates of return (IRRs), positive net present values and benefit/cost ratios, calculated under the WP/WOP financing scenarios. Sufficient financial benefits are expected to accrue to CBOs receiving LPIF grants. These estimates are in line with an experience of existing rural development programs.

LPIF Micro-project	(WP/WOP) Incremental Benefit	
Micro-dam / threshold	Gross margin	+ 2.375.000 CFAF
	Labor day remuneration	+ 2.328 CFAF
Village garden	Gross margin	+ 15.583.000 CFAF
	Labor day remuneration	+ 2.126 CFAF
Horticulture	Gross margin	+ 829.000 CFAF
	Labor day remuneration	+ 1.391 CFAF
Bee-keeping	Gross margin	+ 418.500 CFAF
	Labor day remuneration	+ 2.010 CFAF
Poultry farming	Gross margin	+ 169.000 CFAF
	Labor day remuneration	+ 1.255 CFAF
Fish farming	Gross margin	+ 347.900 CFAF
	Labor day remuneration	+ 1.660 CFAF
Sheep fattening	Gross margin	+ 600.000 CFAF
	Labor day remuneration	+ 3.138 CFAF

Economic Analysis. In economic terms RCDP total costs are about US$64 million of which US$13.12 million for Capacity Building, US$16.7 million for Communal Investments, US$24.5 million for Local Productive Investments, and US$9.67 million for overall project management. .

The analysis attempts to identify quantifiable benefits and costs that relate directly to the activities undertaken following the execution of project components, or that can be attributed to the project's implementation. The main quantifiable benefits arising from the project are income generation through the financing of communal socio-economic and local productive micro-projects (a labor remuneration WP/WOP increase of US$4.62 equivalent, and a benefit/hectare WP/WOP increase of US$838.00 equivalent). Based on the above benefits and costs, the overall economic rate of return (EIRR) of the project is estimated at 13% over a period of 15 years.

Sensitivity Analysis.

Sensitivity analysis assessed the effect of variations in benefits and costs. An increase in total project costs by 10% would reduce the EIRR to about 8%. A 10% costs increase coupled with a 5% benefits decrease would reduce the EIRR to 4%. The sensitivity analysis indicates that the project is relatively robust and will remain economically viable under most foreseeable adverse conditions.

EIRR variations against Gross Margin variations							
Gross Margin	- 15%	- 10%	- 5%	0%	5%	10%	15%
EIRR	4%	8%	10%	13%	16%	18%	21%

Other economic benefits accruing from the Project interventions, but not readily quantified, include **social benefits** i.e. social capital building (local governance, communal and local technical and managerial capacity), access to social basic services (potable water, health and education) and access to markets, as well as **environmental benefits**.

Increased rural employment. The proposed project would generate additional employment opportunities for both unskilled and skilled labor in the rural areas. This will be in the form of hired labor and increased household labor requirements both for on-farm and off-farm activities. This direct infusion of cash would promote food security and help to reduce rural poverty.

Economic growth. RCDP will have an impact on the wider rural economy because of spillover effects. The Project will contribute to an expansion of rural small and medium enterprises (SME) in Mali, which will have an impact on rural non-farm employment and economic activities.

Tax revenues. Since farm incomes and rural SMEs incomes are not taxed directly, the Project would generate little or no government revenue at the national level. However, there will be increased economic activities in the rural communes due to Project interventions, therefore, resulting in additional communal tax revenue that contributes to commune's overall resources. The availability of these financial resources at the communal level will permit adequate expenditures on health, education, extension personnel expenses, communal social and socio-economic facilities and infrastructures operating costs and maintenance, and other items important for the rural population and make a positive contribution to economic growth and improve the quality of rural livelihood.

These benefits were not quantified either because of the unavailability of reliable relevant data or because the magnitude of the benefits were considered to be extremely difficult to estimate with a reasonable degree of confidence.

Annex 10: Safeguard Policy Issues

MALI: Rural Community Development Project

Policy	Triggered
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	Yes
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	No
Forestry (OP 4.36, GP 4.36)	No
Pest Management (OP 4.09)	Yes
Cultural Property (OPN 11.03)	No
Indigenous Peoples (OD 4.20)	No
Involuntary Resettlement (OP/BP 4.12)	No
Safety of Dams (OP 4.37, BP 4.37)	No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	No

The global development objective of the Mali Rural Community Development Project (RCDP) is to improve the living conditions of project-supported rural communities, in terms of sustainable income increase, access to basic socio-economic services, and good natural resource management practices. The project would achieve its objective through capacity building (targeting rural communities, rural municipalities and suppliers of support services to communities), and investments in social, socio-economic, environmental and economic sub-projects implemented by these communities.

During preparation of the RCDP project, in May 2004 the Government of Mali carried out an Environmental and Social Management Framework (ESMF). In addition, a separate in-depth project Social Analysis has been carried out and completed in November 2004. An ESMF study, as opposed to an Environmental and Social Impact assessment (ESIA), was deemed appropriate in this case because of the demand-driven nature of the sub-projects to be implemented by communities precluded the development of an ESIA, which is generally prompted by specific knowledge of sub-project location, scale number, beneficiaries and affected people. In the case, such information was not available even at project appraisal stage.

The lack of precise details – in terms of their exact location, scale, materials/technologies required - of sub-projects to be financed under the RCDP Project precludes the determination of the exact environmental and social impacts and their respective mitigations measures. The study has been conducted in order to assess project potential negative impacts resulting from project-related activities and to determine mitigation measures that would minimize those negative impacts. Typical sub-projects to be implemented under this project are expected to range, among others, from water supply, natural resources management, integrated agricultural-livestock production, and various on- and off-farm income generating activities.

There is no Resettlement Policy Framework (RPF) required for this project. It was deemed, on the part of both project team and the Borrower that implementation of sub-projects, which may require land acquisition, will only take place on collective communal land and will not cause involuntary resettlement or loss of economic activities on the part of individual members of the local community. Although no pesticides would be purchased under project financing, agricultural-related activities, which plan to diversify and intensify crop production, may require the use of pesticides for pest control. Under normal circumstances, this would require the project to develop *a Pest Management Plan (PMP).* However, because of the existence, in this case, of a national PMP, prepared under the Bank-funded Mali PASAOP project, the RCDP was only required to re-disclose the existing PMP. In light of the communal nature of activities envisioned in this project and that communal land will be made available for all sub-projects, the project implementation manual will contain procedures to ensure and document that such voluntary land contributions are arranged in a transparent and equitable manner. It is assumed that such land will be free of any squatters. However, if there are squatters on the land, OP 4.12 will be retroactively triggered and appropriate relocation assistance will be provided in accordance with the OP.

The ESMF study has been conducted under an international consultancy team mission, using a broad-based public consultation approach, involving stakeholder groups in Government organizations, private sector institutions, NGOs and community-based organizations within possible project intervention zones. During the field visits, many regions selected by the Project were covered. The ESMF was carried out in May 2004.

Potential impacts include:

Environment

- Soil erosion, loss of biodiversity both fauna and flora due to rehabilitation/construction-related activities;
- Noise and dust pollution resulting from construction;
- Pesticide/inorganic fertilizer residues resulting from intensification of horticulture;
- Pastoral land degradation resulting from overgrazing by cattle;
- Contamination and pollution resulting from high concentration of cattle;
- Sedimentation of streams, water bodies in the vicinity of construction sites;
- Stagnant water in borrow pit as a cause for water borne diseases, etc.

Social

There is no involuntary loss of land and/or other assets leading to loss of shelter, property, economic activities, access to resources etc. Sub-project implementation requiring new land will occur on communal lands, as agreed by the project team, the borrower and the Africa Safeguards Policy Enhancement Unit (ASPEN).

The ESMF includes: (i) a clear description of project components; (ii) a brief baseline information pertaining to policy, legal, and administrative and institutional framework, within which the project is to be implemented; (iii) an analysis of potential positive and negative impacts; and of institutional arrangements, with clear roles and responsibilities for screening, implementing and monitoring sub-projects, along with their capacity building requirements to effectively mitigate project negative impacts, as well as enhance its positive ones.

The ESMF, which was carried out in full compliance with the national and Bank environmental and social safeguard policies and guidelines has been reviewed and approved by both *Direction*

Nationale pour le Contrôle des Pollutions et Nuisances (DNACPN), the national agency in charge of environmental impacts assessments and pollution and nuisance control and ASPEN. It has been disclosed in-country – in newspapers and displayed in relevant public agencies, project line Ministry, DNACPN and World Bank Office in Bamako – and at Bank Infoshop on January 30, 2005, prior to project appraisal. The existing PMP prepared earlier in the context of the PASAOP has been re-disclosed under the same circumstances.

Prior to disclosure in-country and at Bank InfoShop, a workshop was organized, involving relevant project stakeholder groups in public agencies, such as DNACPN, the communities, civil society, NGOs, with the intention of presenting the results of the ESMF, fostering ownership and seeking input from these stakeholders in order to improve quality and soundness of the instrument. Recommendations from both ASPEN and stakeholders' workshop have been reflected in the final ESMF, prior to its disclosure. The recommendations and relevant provisions of the ESMF report will be reflected in Project Implementation Manual (PIM).

Annex 11: Project Preparation and Supervision

MALI: Rural Community Development Project

	Planned	Actual
PCN review	10/08/2002	10/08/2002
Initial PID to PIC	04/23/2003	04/23/2003
Initial ISDS to PIC	04/23/2004	03/24/2003
Decision Meeting	01/18/2005	01/18/2005
Updated PID to PIC	01/20/2005	01/31/2005
Updated ISDS to PIC	01/20/2005	04/26/2005
Appraisal	01/31/2005	02/01/2005
Negotiations	06/02/2005	06/02/2005
Board approval	09/15/2005	
Planned date of effectiveness	12/15/2005	
Planned date of mid-term review	10/15/2008	
Planned closing date	06/17/2012	

Key institutions responsible for preparation of the project:

Ministry of Social Development, Solidarity and Senior Citizens

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Daniel Moreau	Sr. Agriculturist (TTL)	AFTS4
Abdelkrim Oka	Sr Natural Resources Mgmt. Spec. (initial TTL)	MNSRE
Agadiou Dama	Aricultural Services Specialist	AFMML
André Simon	Natural Resources Mgmt. Specialist	FAO-CP
Olivier Durand	Agribusiness Specialist	AFTS4
Yves Jantzem	Consultant (M&E)	AFTS3
Ezzeddine Moudoud	Consultant (Decentralization Specialist)	AFTPR
Nguala Luzietoso	Consultant (Agro-economist)	FAO-CP
Bernard Tagournet	Consultant (Financial Management)	AFTS4
Sidi Boubacar	Lawyer	LEGAF
Nathalie Munzberg	Lawyer	LEGAF
Renée Desclaux	Finance Officer	LOAG2
Cheick Traore	Procurement Specialist	AFMML
Nestor Coffi	Financial Management Specialist	AFMML
Amadou Konaré	Consultant (Safeguards Specialist)	ASPEN
David Colbert	Environment Specialist	FAO-CP
Aline Cabal	Operations Analyst	AFC15
Virginie Vaselopulos	Program Assistant	AFTS4
Pierre Laluyaux	Consultant (Financial Management.)	AFTS4

Bank funds expended (as of August 1st, 2005) on project preparation:

1.	Bank resources:	US$513,046
2.	Trust funds:	Not requested
3.	FAO:	US$181,287
	Total:	US$694,333

Estimated Approval and Supervision costs:

1. Remaining costs to approval: N.A.
2. Estimated annual supervision cost: US$80,000

Annex 12: Documents in the Project File

MALI: Rural Community Development Project

1. PGRN ICR – World Bank – 2003
2. GRIP ICR – World Bank – 2004
3. Rural Communities Capacity Building Assessment study – Local consulting firm, CEDREF – 2004
4. Social Assessment study – Local consulting firm, CEDREF – 2004
5. Feasibility study for Regional Training Centers – Local consulting firm, CEDREF – 2004
6. Productive Investments menu – Local consulting firm, BENYGEC – 2004
7. Proposal for a M&E system – Kalala (Consultant) – 2004
8. Environmental and Social Management Framework (ESMF) – Firm AGRER – 2004
9. RCDP Appraisal mission Aide-memoire, Technical Annexes and Cost Tables – World Bank (AFTS4) – February 2005
10. RCDP Gender strategy – World Bank – 2004
11. Note on the Micro-Finance Systems in the rural areas of Mali – RCDP Preparation team – 2004
12. General Report on the 2001-2003 Technical and Financial Execution of the First Investment Fund for the local governments of Mali – ANICT – 2004
13. Analysis of the capacity building system for the Territorial Collectivities in Mali. *Evaluation du Dispositif d'Appui aux Collectivités Territoriales au Mali* – Institutions et Développement – 2004

Annex 13: Statement of Loans and Credits

MALI: Rural Community Development Project

			Original Amount in US$ Millions						Difference between expected and actual disbursements	
Project ID	FY	Purpose	IBRD	IDA	Grant	GEF	Cancel.	Undisb.	Orig.	Frm. Rev'd
P081704	2006	ML-Agr Compet & Diversif (FY06)	0.00	46.40	0.00	0.00	0.00	44.56	0.00	0.00
P080935	2005	ML-Growth Supt SIL (FY05)	0.00	55.00	0.00	0.00	0.00	51.83	0.00	0.00
P052402	2005	ML-GEF Gourma Biodiv Conserv SIL (FY05)	0.00	0.00	0.00	5.50	0.00	5.50	0.62	0.00
P082957	2004	ML-HIV/AIDS MAP (FY04)	0.00	25.50	0.00	0.00	0.00	23.46	1.51	0.00
P082187	2004	ML-Dev Learning Ct LIL (FY04)	0.00	2.50	0.00	0.00	0.00	2.47	1.18	0.00
P079351	2004	ML-Transp Corridors Improv (FY04)	0.00	48.70	0.00	0.00	0.00	35.13	2.71	0.00
P076440	2004	ML-GEF Houshold Energy (FY04)	0.00	0.00	0.00	3.50	0.00	3.35	0.45	0.00
P073036	2004	ML-Household Energy & Univ Access (FY04)	0.00	35.65	0.00	0.00	0.00	33.69	3.13	0.00
P035630	2002	ML-Agr & Producer Org (FY02)	0.00	43.50	0.00	0.00	0.00	20.90	14.32	0.00
P040650	2001	ML-Edu Sec Exp Prgm APL (FY01)	0.00	45.00	0.00	0.00	0.00	8.86	3.02	0.00
P041723	2000	ML-Rural Infrastr (FY00)	0.00	115.10	0.00	0.00	0.00	52.44	42.35	0.00
P001748	2000	ML-Finance Sec Dev (FY00)	0.00	21.00	0.00	0.00	0.00	11.46	9.53	0.00
P040652	1999	ML-Health Sec Dev Prog SIL (FY99)	0.00	40.00	0.00	0.00	0.00	9.96	9.92	7.69
		Total:	0.00	478.35	0.00	9.00	0.00	303.63	88.73	7.69

MALI
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

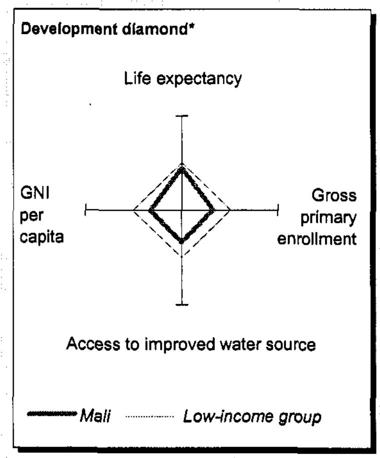
		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
1997/03	Hotel Bamako	1.77	0.00	0.00	0.00	1.77	0.00	0.00	0.00
	PAL-Graphique Id	0.35	0.00	0.00	0.00	0.35	0.00	0.00	0.00
	PAL-Rabelais	0.14	0.00	0.00	0.00	0.14	0.00	0.00	0.00
1999	SEF Imprim Color	0.10	0.00	0.00	0.00	0.10	0.00	0.00	0.00
1998	SEF SIECO	0.28	0.00	0.00	0.00	0.28	0.00	0.00	0.00
1995	SEMOS	0.00	4.80	0.00	0.00	0.00	4.80	0.00	0.00
	Total portfolio:	2.64	4.80	0.00	0.00	2.64	4.80	0.00	0.00

		Approvals Pending Commitment			
FY Approval	Company	Loan	Equity	Quasi	Partic.
2005	AEF GRAPHIQUE II	2.31	0.00	0.00	0.00
	Total pending commitment:	2.31	0.00	0.00	0.00

Annex 14: Country at a Glance

9/21/04

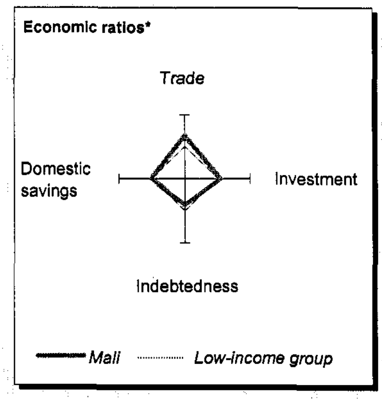
POVERTY and SOCIAL	Mali	Sub-Saharan Africa	Low-income
2003			
Population, mid-year *(millions)*	11.7	703	2,310
GNI per capita *(Atlas method, US$)*	290	490	450
GNI *(Atlas method, US$ billions)*	3.4	347	1,038
Average annual growth, 1997-03			
Population *(%)*	2.4	2.3	1.9
Labor force *(%)*	2.4	2.4	2.3
Most recent estimate (latest year available, 1997-03)			
Poverty *(% of population below national poverty line)*	64	..	..
Urban population *(% of total population)*	32	36	30
Life expectancy at birth *(years)*	52	46	58
Infant mortality *(per 1,000 live births)*	113	103	82
Child malnutrition *(% of children under 5)*	25	..	44
Access to an improved water source *(% of population)*	51	58	75
Illiteracy *(% of population age 15+)*	55	35	39
Gross primary enrollment *(% of school-age population)*	59	87	92
Male	68	94	99
Female	49	80	85



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

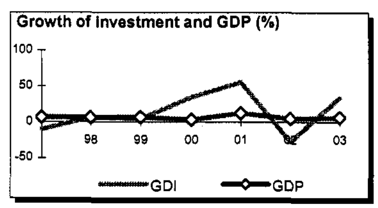
	1983	1993	2002	2003
GDP *(US$ billions)*	1.3	2.7	3.3	4.3
Gross domestic investment/GDP	12.1	21.8	18.6	23.4
Exports of goods and services/GDP	16.1	15.8	31.9	26.4
Gross domestic savings/GDP	-3.2	6.4	18.5	19.0
Gross national savings/GDP	..	10.0	16.1	19.4
Current account balance/GDP	-15.3	-6.9	-3.3	-4.0
Interest payments/GDP	0.5	1.5	0.7	0.5
Total debt/GDP	76.4	108.4	84.8	74.6
Total debt service/exports	8.3	14.5	7.1	7.3
Present value of debt/GDP	..	..	37.1	..
Present value of debt/exports	..	..	97.9	..

	1983-93	1993-03	2002	2003	2003-07
(average annual growth)					
GDP	2.3	5.8	4.4	6.0	6.0
GDP per capita	-0.4	3.4	2.1	3.7	3.7
Exports of goods and services	5.4	12.8	31.7	-10.4	4.9

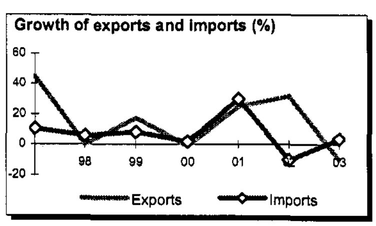


STRUCTURE of the ECONOMY

	1983	1993	2002	2003
(% of GDP)				
Agriculture	41.4	44.5	34.2	38.4
Industry	14.8	16.3	29.7	26.1
Manufacturing	6.5	7.6	3.2	2.8
Services	43.7	39.3	36.1	35.5
Private consumption	92.1	80.7	70.8	71.1
General government consumption	11.1	12.8	10.7	9.9
Imports of goods and services	31.5	31.2	32.0	30.8



	1983-93	1993-03	2002	2003
(average annual growth)				
Agriculture	5.5	3.3	-3.6	18.7
Industry	3.7	8.8	18.4	-7.9
Manufacturing	6.3	-4.1	22.7	-5.5
Services	1.0	4.0	1.1	3.6
Private consumption	1.2	2.8	-3.5	7.3
General government consumption	5.2	7.1	3.0	4.0
Gross domestic investment	6.2	8.3	-28.1	33.3
Imports of goods and services	4.4	6.6	-10.4	3.4

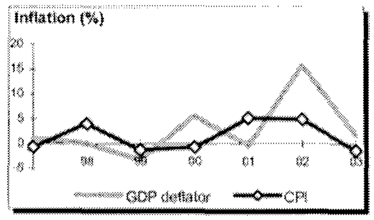


Note: 2003 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

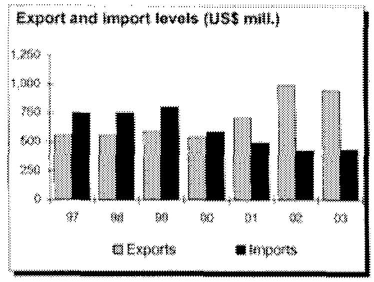
PRICES and GOVERNMENT FINANCE

	1983	1993	2002	2003
Domestic prices				
(% change)				
Consumer prices	..	-0.6	5.0	-1.3
Implicit GDP deflator	7.9	2.6	15.8	1.8
Government finance				
(% of GDP, includes current grants)				
Current revenue	73.8	15.4	15.2	17.3
Current budget balance	26.0	3.8	1.9	4.8
Overall surplus/deficit	-24.0	-8.0	-9.5	-6.3



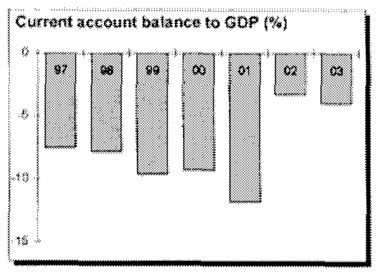
TRADE

	1983	1993	2002	2003
(US$ millions)				
Total exports (fob)	..	349	998	954
Cotton	..	147	248	257
Gold	..	54	640	542
Manufactures	..	..	..	..
Total imports (cif)	..	678	429	438
Food	..	97	..	..
Fuel and energy	..	74	..	..
Capital goods	..	182	..	..
Export price index *(1995=100)*	..	87	86	90
Import price index *(1995=100)*	..	93	97	99
Terms of trade *(1995=100)*	..	93	88	91



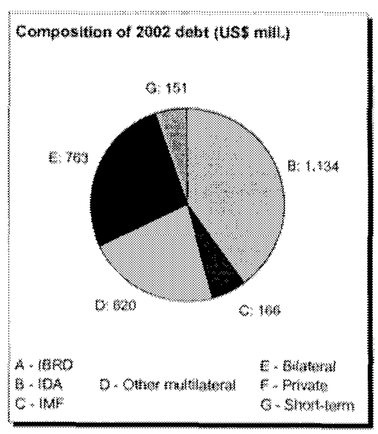
BALANCE of PAYMENTS

	1983	1993	2002	2003
(US$ millions)				
Exports of goods and services	209	424	1,187	1,125
Imports of goods and services	408	836	1,193	1,316
Resource balance	-199	-412	-6	-191
Net income	-17	2	-268	-167
Net current transfers	18	225	163	185
Current account balance	-198	-185	-111	-173
Financing items (net)	202	213	54	298
Changes in net reserves	-4	-28	57	-125
Memo:				
Reserves including gold *(US$ millions)*	23	339	595	828
Conversion rate *(DEC, local/US$)*	381.1	283.2	697.0	581.2



EXTERNAL DEBT and RESOURCE FLOWS

	1983	1993	2002	2003
(US$ millions)				
Total debt outstanding and disbursed	988	2,903	2,834	3,229
IBRD	0	0	0	0
IDA	172	656	1,134	1,322
Total debt service	20	79	90	83
IBRD	0	0	0	0
IDA	1	8	10	13
Composition of net resource flows				
Official grants	79	175	219	0
Official creditors	124	59	96	154
Private creditors	..	..	..	..
Foreign direct investment	3	4	102	0
Portfolio equity	0	0	0	0
World Bank program				
Commitments	..	12	113	..
Disbursements	19	47	91	95
Principal repayments	0	4	4	5
Net flows	19	43	88	90
Interest payments	1	5	7	8
Net transfers	18	39	81	82



MAP SECTION