

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

Report No.: 56498

|  |   |
|--|---|
| <b>Project Name</b>                    | Additional Financing for Mali Rural Community Development Project   |
| <b>Region</b>                          | AFRICA  |
| <b>Sector</b>                          | General agriculture, fishing and forestry sector (100%)   |
| <b>Project ID</b>                      | P121057 – Parent project: P040653   |
| <b>Borrower(s)</b>                     | REPUBLIC OF MALI  |
| <b>Implementing Agency</b>             | Ministry of Social Development, Solidarity and Senior Citizens  |
| <b>Environment Category</b>            | <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined) |
| <b>Date PID Prepared</b>               | September 1, 2010   |
| <b>Date of Appraisal Authorization</b> | June 25, 2010   |
| <b>Date of Board Approval</b>          | September 30, 2010  |

### I. Country and Sector Background

1. Mali remains one of the poorest countries in Sub-Saharan Africa. GDP per capita was US\$480 (2008) and the national poverty rate was estimated to be 47.4 percent in 2006. Poverty is more prevalent in the rural areas (57.6 percent) and most rural people continue to derive their livelihoods from agriculture. Food insecurity and malnutrition are high and were aggravated by the fuel and food crisis of 2007/08. In 2009, food prices remain above the 2008 level and above the 5-year average. Natural resources degradation, population growth and climate change continue to pose serious challenges to medium and long term food security in the country.

2. Mali is characterized by chronic food and nutritional insecurity, linked to endemic poverty. Thirty percent of the population benefited from food aid during the last decade. Households' share of expenditures for food purchase was estimated to be 72.5 percent in 2001, with significant differences between urban (67.5 percent) and rural areas (75.6 percent; including self consumption). Today, it is estimated that 25 percent of rural households (2.7 million) experience chronic food insecurity, while 32 percent (3.5 million) are vulnerable. The national incidence of hunger has declined since 1990, but not by enough to put the country on track toward achieving the hunger targets of Millennium Development Goal (MDG) 1. Malnutrition is also severe in Mali, being directly or indirectly responsible for more than 50 percent of children's death under the age of five. The proportion of underweight children decreased to 26 percent from 40 percent in 1990. However this rate has remained stagnant since 2001 while anemia in women has increased from 63 to 68 percent. Food insecurity and malnutrition were aggravated by the fuel and food crisis of 2008, which induced severe price inflation.

3. Mali faces recurrent external shocks particularly droughts or locust infestations. For the last five years, Mali has faced a succession of severe external shocks, including inadequate rainfall and floods, the 2008 food price crisis, followed by the oil price crisis. The country is not facing the full impact of the global economic slowdown as a result of the 2009 financial crisis,

but at the same time is not escaping it either. In Mali, the impact of the global economic crisis is complex: while record high gold prices, large privatization receipts and favorable weather conditions have contributed to mitigating the overall macroeconomic impact, negative effects persist in some sectors and regions affected by reduced remittances and tourism related incomes, compounded by the lingering impacts of the food price crisis. Many households in the project targeted communes are relying on workers abroad and are affected by a reduced flow of remittances. There is a high level of uncertainty regarding the recovery of the European labor market and remittances may remain low for 2010 and probably 2011.

4. Although the Government of Mali has developed a wide range of publicly-funded risk management and safety net programs, it fails to provide enough options for vulnerable groups. A review of Social Safety Net programs in Mali shows that the scope and coverage of the social safety net is very small (0.5 percent of GDP in 2009) compared to the most urgent needs (about 27 percent of the Malian population is food insecure). The study suggests an expansion of the social safety nets programs based on a set of cost effective existing and new programs. Given the limited fiscal space available for safety net programs, it is recommended that the Government allocates its scarce resources to programs that are well targeted, cost-efficient and promote demand for health and education.

## **II. Objectives**

5. The development objective of the Rural Community Development Project (*Projet d'Appui aux Communautés Rurales – PACR*) is to improve the living conditions of project-supported rural communities in terms of access to basic socio-economic services, sustainable income increase, and improved natural resource management practices. The project would achieve its objective through community empowerment, capacity building (targeting rural communities, rural communes and suppliers of support services to communities), and investments in social, socio-economic, environmental, and economic, sub-projects implemented by these communities.

6. The proposed additional financing will support rural community-based organizations affected by the recent financial crisis and the lingering of the food and oil price crises. The project will help social associations and productive organizations restore and strengthen their capacities in managing and delivering social and productive services to community and rural producer members.

## **III. Rationale for Bank Involvement**

7. A first Bank response to the crisis has been provided through the Crisis Response Window to the fourth Poverty Reduction Strategy Credit (PRSC-4). This operation approved by the Board on June 3rd, 2010 is the second in a programmatic series of three PRSCs designed to support the implementation of the Government's poverty reduction strategy in the challenging context of an exceptionally unfavorable global environment. Specifically, this second series aims to strengthen public financial management and improve access to basic social services, while enhancing the regulatory and institutional framework for infrastructure and private investment. The proposed operation also aims to assist the authorities' efforts to cope with potential effects of the global slowdown and maintain the momentum of reform to achieve critical development objectives.

8. In parallel, the proposed Additional financing to PACR under the Crisis Response Window will give the Bank the opportunity to provide direct assistance to rural communities, the poorest groups of the society affected by the crisis. Actually, the Rural Community Development Project is one of the few available instruments to directly address the immediate needs of vulnerable populations. PACR is targeting poor communes and villages in rural areas and has already deployed a strong network of agents who are experienced in community development support. The project can serve as an efficient vehicle to provide additional support to rural communities affected by the recent crises and to restore capacities of health, education and producer associations to provide effective services to communities and villagers at large.

9. Rural populations in Mali are relying on their own cereal production for familial consumption but are also buying imported products such as milk, sugar and oil. As a result of lower remittances and higher cost for imported products, PACR field community development support operators (ODC – *Opérateurs de Développement Communautaire*) have recorded delays in teachers and nurses payment in community-managed rural schools and clinics. Rural households' expenditures for tuition, school stationery, medicines and health mutual association subscription have seriously decreased. Agricultural input prices have also increased and rural producers are facing higher production costs. At the household level, rising food and fuel prices are putting further pressure on poor families, thereby threatening the sustainability of the gains achieved in previous years.

#### **IV. Description**

10. The project is implemented in four regions (Mopti, Timbuktu, Ségou and Sikasso) and covers 54 communes corresponding to 1,000 villages (about 1.1 million inhabitants). The proposed additional financing will support rural community-based organizations affected by the recent financial crisis and the lingering food and oil price crises. To this end, one new component has been added to the original project to provide the proposed additional assistance to rural communities and social associations. The project will now include the five following components:

- **Component A: Capacity building** for community and socio-professional organizations empowerment; Additional training will be provided and delivered through the existing network of project training resources and field agents. Strong management capacities are seen as the critical element to ensure the viability of small-scale rural investments and the sustainability of rural organizations and associations. As such and for sustainability purposes, the project will strengthen its training of management trainers and advisers. The project information and communication program will also take this opportunity to reiterate and strengthen its messages on education and other social messages especially for young girls.
- **Component B: Communal initiatives fund** for socio-collective investments financed through the ANICT mechanism (*Agence Nationale d'Investissement des Collectivités Territoriales* – National Agency for Local Governments' Investments) and implemented by Communes; Resources will not be channeled through component B because the ANICT financing mechanism has been designed to provide investment resources to communes for infrastructure construction, not for soft support.

- **Component C: Local Productive Initiatives Fund** for productive investments designed and implemented by socio-professional organizations; the additional financing will help rural producer organizations restore and increase their stocks of agriculture and livestock inputs (fertilizers, vet medicines, etc.). It will help agricultural producers access improved seeds while receiving additional training on rural entrepreneurship and PO management. As presented in annex 2 for component C, for each type of productive investments a specific package has been designed, including a lump sum for agricultural inputs, innovations to be introduced, training, field visits to similar experiences and participation to regional agricultural exhibitions. All packages include specific activities to promote improved natural resources management practices specific to the production under consideration.
- **Component D: Project Management, Monitoring and Evaluation, and Knowledge Management;** Additional resources will be allocated to (i) strengthening field support to community-based organizations with additional staff on the ground, and (ii) supervising activities, as well as monitoring and evaluation.
- **Component E: Social Assistance. New component** created under this additional financing to help social associations (parents associations and clinics association<sup>1</sup>) to: (i) provide financial assistance to rural schools and clinics to restore their capacities in maintaining activities and services to rural population; and, (ii) restore stocks of school stationary and medicines, as well as renew obsolete or damaged equipments.

## V. Financing

|   |        |
|---|--------|
| Source:                                     | (\$m.) |
| BORROWER/RECIPIENT                          | tbd    |
| International Development Association (IDA) | 11.2   |
| Total                                       | 11.2   |

## VI. Implementation

11. Project implementation is under the responsibility of the Ministry of Social Development, Solidarity and Senior Citizens. Implementation of activities is delegated to a project implementation unit for component A, C and D, as well as the newly created component E. Investments under component B are financed through ANICT and implemented by communes. On the ground, Community Development Operator support communes, community-based organizations and socio-professional organizations in designing and implementing social and productive investments. The additional financing will use the current project institutions and operators. Funding will be channeled to communities through the existing financing mechanisms under components A (training and support to social associations) and C (training and support to producer organizations). No changes will be made to existing implementation arrangements.

## VII. Sustainability

12. Like the parent project, the proposed additional financing will ensure sustainability by emphasizing the following design features and operational arrangements: (i) all local and communal investments are economically, financially, and environmentally sound-thus,

---

<sup>1</sup> *Associations de Parents d'Élèves* and *Association de gestion des centres de santé communautaires (ASACO)*

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.

### **VIII. Lessons Learned from Past Operations in the Country/Sector**

13. At project design and appraisal of the parent project, the following key lessons were drawn from predecessor projects and other demand-driven experience in Mali and in the sub-region: 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, community-based organizations, 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.

14. 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.

15. 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 social investments.

16. 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.

### **IX. Safeguard Policies (including public consultation)**

| <b>Safeguard Policies Triggered by the Project</b> | <b>Yes</b> | <b>No</b> |
|--|------------|-----------|
| Environmental Assessment (OP/BP 4.01)              | [x]        | [ ]       |
| Natural Habitats (OP/BP 4.04)                      | [ ]        | [x]       |
| Pest Management (OP 4.09)                          | [x]        | [ ]       |
| Physical Cultural Resources (OP/BP 4.11)           | [ ]        | [x]       |
| Involuntary Resettlement (OP/BP 4.12)              | [ ]        | [x]       |
| Indigenous Peoples (OP/BP 4.10)                    | [ ]        | [x]       |

|  |     |     |
|--|-----|-----|
| Forests (OP/BP 4.36)                             | [ ] | [x] |
| Safety of Dams (OP/BP 4.37)                      | [ ] | [x] |
| Projects in Disputed Areas (OP/BP 7.60)          | [ ] | [x] |
| Projects on International Waterways (OP/BP 7.50) | [ ] | [x] |

---

17. The original project was classified as a category B with respect to the environmental and social considerations of the project investment and in line with World Bank policies. The envisaged nature of the activities to be supported under the additional financing is not expected to generate any significant additional or different negative environmental and social impacts. In view of this the classification of the project is maintained at B and no other safeguards policies are triggered other than those triggered already under the original project (OP 4.01 and OP 4.09). Accordingly, possible adverse environmental and social impacts generated by the original project and additional financing are expected to remain minimal, site specific and manageable to an acceptable level. The purchase of medicine stocks for rural health clinics, as well as vet medicines, was not foreseen under the original project, an additional potential environmental impact, beyond those described in the original project, relates to the need to have in place proper handling and disposal procedures. The ESMF as adopted and in use under the original project has been updated for the proposed additional financing and re-disclosed on August 30, 2010 in-country and at InfoShop. A self-standing pest management plan (PMP) was also prepared for the original project and disclosed in May 2005. It has been updated and re-disclosed as a draft revised version on August 30, 2010 in-country and at InfoShop. It will be further updated based on the recently disclosed (in January 2010) PMP that was prepared for the newly approved - Fostering Agricultural Productivity Project in Mali (June 2010). This update will also further document procedures and measures related to medical waste management, handling and disposal. The final revised version will be disclosed before project effectiveness.

#### **X. List of Factual Technical Documents**

- Project Appraisal Document for the Rural Community Development Project (WB, 2005)
- Program Document for the Fourth Poverty Reduction Support Credit (World Bank, 2010)

#### **XI. Contact point**

Contact: Olivier Durand - Sr Agricultural Spec.

Tel: (+223) 20 70 22 23 - Email: [odurand@worldbank.org](mailto:odurand@worldbank.org) - Location: Bamako, Mali (IBRD)

#### **XII. For more information contact:**

The World Bank InfoShop

1818 H Street, NW - Washington, D.C. 20433

Telephone: (202) 458-4500 - Fax: (202) 522-1500

Email: [pic@worldbank.org](mailto:pic@worldbank.org) - Web: <http://www.worldbank.org/infoshop>