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Report No: PAD2913

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR36.1 MILLION
(US\$50 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MALI

FOR A

DEPLOYMENT OF STATE RESOURCES FOR BETTER SERVICE DELIVERY PROJECT

April 26, 2019

Governance Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2019)

Currency Unit = FCFA

584.45 FCFA = US\$1

1.39 US\$ = SDR 1

FISCAL YEAR

January 1 - December 31

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SELECTED ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency (<i>Agence Française de Développement</i>)
ANICT	National Local Government Investment Agency (<i>Agence Nationale d'Investissement des Collectivités Territoriales</i>)
ADR	Regional Development Agency (<i>Agence Regionale de Developpement</i>)
ASA	Advisory Services and Analytics
ASACO	Communal Health Association (<i>Associations de Santé Communautaire</i>)
AWPB	Annual Work Plans and Budget
BVG	Office of the Auditor General (<i>Bureau du Verificateur</i>)
CCC	Communal Support Centers (<i>Centres de Conseils Communaux</i>)
CCO[C]SAD	Communal Development Action Steering, Coordination and Monitoring Committee (<i>Comité Communal d'Orientation, de Coordination et de Suivi des Actions de Developpement</i>)
CDQ/V	Neighborhood Committee or Village Committee (<i>Comité de Quartier/Village</i>)
CFCT	LG Training Center (<i>Centre de Formation des Collectivités Territoriales</i>)
CE	Citizen Engagement
CGS	School Management Committee (<i>Comités de Gestion Scolaire</i>)
CGSP	Inspectorate of Public Services (<i>Control General des Services Publics</i>)
CLOCSAD	Local Development Action Steering, Coordination, and Monitoring Committee (<i>Comité Local d'Orientation, de Coordination et de Suivi des Actions de Developpement</i>)
CoFoC	Village Land Committee (<i>Commissions Foncières Communale</i>)
CoFoV	Communal Land Committees (<i>Commissions Foncières Villageoise</i>)
Counties	<i>Cercles</i>
CPF	Country Partnership Framework
CROCSAD	Regional Development Action Steering, Coordination and Monitoring Committee (<i>Comité Regional d'Orientation, de Coordination et de Suivi des Actions de Developpement</i>)
CSCoM	Community Health Center (<i>Centre de Santé Communautaires</i>)
CSRef	Reference Health Center (<i>Centre de Santé de Référence</i>)
CSO	Civil Society Organization
CT	Communes (<i>Collectivités Territoriales</i>)
DA	Designated Account
DFM	Directorate of Financial Management
DGB	Directorate General of Budget (<i>Direction Générale du Budget</i>)
DGCT	General Directorate of Local Governments (<i>Direction Generale des Collectivités Territoriales</i>)
DIN	Investment allocation for Local Governments (Dotation d'Investissement des collectivités territoriales)
DLI	Disbursement Linked Indicator
DNCF	National Financial Comptroller Directorate (<i>Direction Nationale du Contrôle Financier</i>)
DNDS	National Social Development Directorate (<i>Direction Nationale du Développement Social</i>)
DNTCP	National Accounting and Treasury Directorate (<i>Direction Nationale du Trésor et de la Comptabilité Publique</i>)
DPF	Development Policy Financing
EEP	Eligible Expenditure Program
EU	European Union
FCFA	West African CFA Franc (<i>Franc Communauté Financière Africaine</i>)
FM	Financial Mangement
FNACT	National Local Government Support Fund (<i>Fond National d'appui aux Collectivités Territoriales</i>)
GDP	Gross Domestic Product
GIZ	German Society for International Cooperation (<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>)
GoM	Government of Mali
IDA	International Development Association
IFR	Interim Financial Report
IDA	International Development Association
IPF	Investment Project Financing

LG	Local Government
MATD	Ministry of Land Administration and Decentralization (<i>Ministere de l'Administration Territoriale et Decentralisation</i>)
MDTF	Multi-Donor Trust Fund
MEF	Ministry of Economy and Finance
M&E	Monitoring and Evaluation
NGO	Nongovernmental Organization
OISE	Local government M&E database (<i>Outil Informatisé de Suivi-Evaluation</i>)
OP/BP	Operational Policy/Bank Policy
PACUM	Urban Local Government Support Project (IDA 4966)
PCU	Project Coordination Unit
PDO	Project Development Objective
PDSEC	Local Development Plan (<i>Plan de Developpement Social, Economique et Culturel</i>)
PEFA	Public Expenditure and Financial Accountability Assessment
PIM	Project Implementation Manual
PPA	Project Preparation Advance
PPSD	Project Procurement Strategy for Development
RfQ	Request for Quotation
SAI	Supreme Audit Institution
SC	Steering Committee
SC-CS	Supreme Audit Institution (<i>Section des Comptes a la Cour Supreme</i>)
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SoP	Series of Projects
SPN	Specific Procurement Notice
TA	Technical Assistance
ToR	Terms of Reference
UNDB	United Nations Development Business
WB	World Bank



TABLE OF CONTENTS

DATASHEET	1
I. STRATEGIC CONTEXT	7
A. Country Context.....	7
B. Sectoral and Institutional Context.....	7
C. Relevance to Higher-Level Objective.....	11
II. PROJECT DESCRIPTION.....	12
A. Project Development Objective	12
B. Project Components	13
C. Project Beneficiaries	19
D. Results Chain	20
E. Rationale for Bank Involvement and Role of Partners	21
F. Lessons Learned and Reflected in the Project Design	22
III. IMPLEMENTATION ARRANGEMENTS	23
A. Institutional and Implementation Arrangements	23
B. Results Monitoring and Evaluation Arrangements.....	24
C. Sustainability.....	25
IV. PROJECT APPRAISAL SUMMARY	25
A. Technical, Economic, and Financial Analysis (if applicable)	25
B. Fiduciary.....	26
C. Safeguards	28
V. KEY RISKS	29
VI. RESULTS FRAMEWORK AND MONITORING	31
Annex 1. Implementation Arrangements and Support Plan	44
Annex 2. Detailed Sector Context: Decentralization in Mali	54
Annex 3. Competencies of Local Governments in Mali.....	59
Annex 4. List of Selected Communes	61
Annex 5. Implementing Performance-Based Grants.....	65
Annex 6. Other Donor Decentralization Interventions	70
Annex 7. Disbursement Linked Indicators.....	71



FIGURES AND TABLES

Figure 1. Theory of Change	21
Figure 1.1. Institutional Arrangements	44
Figure 1.2. Funds Flow Chart	49
Figure 3.1. Decentralized and Deconcentrated Structures in Mali	54
Figure 3.2. Evolution of Local Spending (2006-2016) and Capital vs. Current Spending at the Local Level	59
Figure 3.3. Intergovernmental Transfers Performed through ANICT	58
 Table 1. Transfer of Budgetary Resources to Local Governments	 9
Table 2. Eligible Expenditure Programs.....	15
Table 3. Disbursement-Linked Indicators	16
Table 4. Project Financing	19
Table 1.1. FM Risk Assessment and Mitigation.....	45
Table 1.2. FM Action Plan.....	47
Table 1.3. Audit Reports.....	48
Table 1.4. FM Implementation Support Plan	49
Table 1.5 Thresholds for Procurement Methods and Prior Review	50
Table 3.1 Organization of the Oversight of Local Governments	53
Table 4.1 Competencies of Local Governments	57
Table 5.1 List of Participating Communes.....	61



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Mali	Mali Deployment of State Resources for Better Service Delivery	
Project ID	Financing Instrument	Environmental Assessment Category
P164561	Investment Project Financing	C-Not Required

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
17-May-2019	30-Sep-2024

Bank/IFC Collaboration

No

Proposed Development Objective(s)

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

**Components**

Component Name	Cost (US\$, millions)
Supporting Deployment to and Management of Resources to Local Governments	32.20
Strengthening Institutions and Capacity for More Inclusive and Accountable Local Governments	16.00
Project Management	1.80

Organizations

Borrower:	Republic of Mali
Implementing Agency:	Ministry of Finance

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

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	50.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	50.00
IDA Grant	50.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
National PBA	0.00	50.00	0.00	50.00
Total	0.00	50.00	0.00	50.00

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2019	2020	2021	2022	2023	2024
Annual	0.00	5.00	12.00	12.00	11.00	10.00
Cumulative	0.00	5.00	17.00	29.00	40.00	50.00

INSTITUTIONAL DATA**Practice Area (Lead)**

Governance

Contributing Practice Areas

Education, Health, Nutrition & Population, Social, Urban, Rural and Resilience Global Practice

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag**Does the project plan to undertake any of the following?**

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● High
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Substantial



7. Environment and Social	● Low
8. Stakeholders	● Moderate
9. Other	● High
10. Overall	● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

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

Legal Covenants

Sections and Description

(Schedule 2 Section I.A) The Recipient shall, not later than forty-five (45) days after the Effective Date, establish the Project Technical Steering Committee with a mandate, resources, terms of reference and functions satisfactory to



the Association, and thereafter, maintain said Project Technical Steering Committee throughout Project implementation.

Sections and Description

(Schedule 2 Section I.B) The Recipient shall carry out the Project in accordance with the provisions of the Project Implementation Manual, containing, inter alia, detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; (e) arrangements and procedures for the results framework, DLIs and verification protocols for such DLIs; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

Sections and Description

(Schedule 2 Section I.D.1) The Recipient shall, not later than three (3) months after the Effective Date, recruit the Independent Verification Agents, and thereafter, cooperate with said Independent Verification Agents, acting as third-party monitoring and evaluation experts to assess the proper fulfillment of DLIs as set forth in Schedule 3 to this Agreement.

Conditions

Type Disbursement	Description Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
Type Disbursement	Description Notwithstanding the provisions of Part A above, no withdrawal shall be made under Category (1) for any DLI unless the Association has received from the Recipient an EEP Spending Report for the period at issue.
Type Disbursement	Description With respect to the withdrawals under Category (1), payments shall be made on a bi-annual basis each year during Project implementation upon timely submission by the Recipient of a withdrawal request acceptable to the Association. Such withdrawal request shall include evidence in form and substance acceptable to the Association of: (a) EEPs incurred for the period preceding the withdrawal request as presented in the EEP Spending Reports; and (b) supporting documentation confirming that the Recipient has achieved the respective DLIs, as verified by the Independent Verification Agents.
Type Disbursement	Description Notwithstanding the provisions of paragraphs 1 and 2 of this Section, if the Association is not satisfied that a particular DLI has been fully achieved, the Association may, at its discretion: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds allocated to said DLI, which in the opinion of the Association corresponds to the degree of



	achievement of such DLI; (b) authorize the unwithdrawn amount by which such disbursement has been reduced due to partial achievement of a DLI to be carried forward to subsequent Withdrawals; and/or (c) cancel or reallocate or a portion of the proceeds of the Financing allocated to such DLI.
Type Effectiveness	Description The Recipient has prepared and adopted the Project Implementation Manual ("PIM"), in form and substance satisfactory to the Association.
Type Effectiveness	Description The Recipient has established the Project Coordination Unit ("PCU") with functions and terms of reference, satisfactory to the Association, and has recruited to said PCU a project coordinator, financial management specialist, two accountants, a procurement specialist, a monitoring and evaluation specialist, an administrative assistant, and other key staff, all in accordance with the provisions of the Procurement Regulations.
Type Effectiveness	Description The Recipient has consulted upon and redisclosed in-country the Healthcare Waste Management Plan in form and substance satisfactory to the Association.



I. STRATEGIC CONTEXT

A. Country Context

1. **Mali, a landlocked country with a longstanding ecological and ethnic division between its northern and southern segments, is among the poorest in the world—ranking 182 out of 189 countries surveyed by the United Nations Development Program (UNDP) in 2018.**¹ Despite relatively high recent Gross Domestic Product (GDP) growth rates (5.8 and 5.3 percent in 2016 and 2017, respectively), more than 40 percent of Mali's population of approximately 18 million citizens (2016) live in poverty—90 percent of them in rural areas in the south of the country, where most of the population and economic activity are concentrated. In the resource-poor and desertification-plagued north, rebellions, armed groups, and the military coup of 2012 have led to increased political tension and insecurity, contributing to an estimated 100,000 internally displaced persons facing food insecurity. The northern Jihadist insurgency is ongoing and has expanded further south to the center of the country, pushing the Malian army out of the northern region.

2. **Human capital (i.e., the knowledge, skills, and health that people accumulate over their lives, enabling them to realize their productive potential) in Mali is among the lowest in the world, driven in large measure by poor health outcomes.** Mali ranks among the five countries in the world with the highest burden of disease,² and has a high maternal and under-5 mortality (about 160,000 women or children under the age of five die every year) and an increasing percentage of stunted children. In addition, only one in three Malians between the ages of 15 and 24 is literate. Today's children who start school at age 4 are expected to complete, on average, just 5.6 years of school by their 18th birthday.

3. **The security situation has deep historical roots and has a major impact on Mali's development trajectory.** The security challenges relate to the geographical/ecological context and the tumultuous history of the country. Territorial disputes and frustrations exacerbated by recurrent droughts and famines, particularly in the north, resulted in the eruption of recurrent conflicts throughout the latter half of the 20th century. However, with the arrival of religious extremists in the northern and central areas additional factors detrimental to durable peace have emerged.

4. **The political and security crisis led to a renewed emphasis on the decentralization agenda to tackle insecurity and restore stability.** To a large extent its impetus dates to the insurgency in the north that began in the latter days of the military regime that was in power between 1968 and 1991. Demands from the north for more autonomy resulted in a general push towards decentralization in the 1992 Constitution. While it took several years for the legal framework to be adopted and partially implemented, these events set in motion a process of bringing governance closer to the people. The National Pact of 1992, the 2006 Accord for the Restoration of Peace and Security, and the 2015 Agreement of Peace and Reconciliation and related laws, stipulate that any transfer of competencies to a decentralized authority should be accompanied by the transfer of corresponding resources.

B. Sectoral and Institutional Context

5. **The process of decentralization started in the 1990s with the creation of a legal framework and devolution of certain functions to Local Governments (LGs), particularly in health, education, and land management.** Decentralization was intended to foster democratization and local participation in the

¹ 2018 Human Development Index, UNDP.

² Institute for Health Metrics and Evaluation (IHME). GBD Compare Data Visualization. Seattle, WA: IHME, University of Washington, 2017. Available from <http://vizhub.healthdata.org/gbd-compare>. (Accessed March 18th, 2018.)



management of public affairs, promote local development, and operationalize the subsidiarity principle of service delivery in priority sectors, such as health, education and land management. Over the 1990-2000 period, a series of decrees and laws established the legal framework necessary for the creation and operationalization of decentralized structures. Mali's Government comprises four levels: the national administration, regions and one district, counties (*cercles*), and communes. The latter three form the local government authorities. There are 10 regions,³ the district of Bamako (Mali's capital), 56 counties, and 703 communes (see Annex 2. Administrative Map of Mali). The first decrees on transfer of service delivery responsibility in health and education were adopted in 2002, followed by successive policies and laws. With the adoption of the 2017 local government law, communes are now responsible for preschool, basic and non-formal education, vocational training and apprenticeships, as well as health, public hygiene, and sanitation. In the spirit of subsidiarity, the legal framework specifies that service is the remit of local management structures (*Comités de Gestion des Écoles/CGS*, responsible for operating schools, and *Associations de Santé Communautaire/ASACO*, responsible for operating *Centres de Santé Communautaires/CSCOM*). Annex 4 provides more detailed information on the decentralization context in Mali.

6. LGs face significant challenges to deliver basic services arising from geography, fragility, demography, and insufficient resources, made worse by inefficiencies created by the implementation of complex decentralization processes. The binding constraints, which will be addressed in greater detail below, include the following:

- Lack of clarity on roles and responsibilities for basic service delivery in health and education
- Lack of equitable, predictable, and timely resources transferred to LGs and service providers
- Limited LG support mechanisms and concentration of resources in the capital
- Limited technical and managerial capacity in LGs
- Limited accountability and citizen participation in the management of resources
- Limited female participation in public administration.

7. The health and education sectors are decentralized in principle, but remain organized as deconcentrated administrations with central government ministries and agencies retaining substantial authority, resulting in a complex management system that strains, when it does not overwhelm, capacity. Each service point is to be governed by service delivery agreements signed between communes, which are to receive budget transfers, and relevant management structures. Meanwhile, the signing of management agreements and corresponding resource transfers remains partial. Transferred human resource (HR) and budget management responsibilities are not fully aligned with delivery responsibility. Planning remains centralized and lacks accuracy, as aggregation and arbitration are not supported by complete information regarding local needs, and the actual allocations are not always communicated to the relevant CGEs and ASACOs.

8. Financial resources transferred to LGs from the central government are insufficient to enable the former to fulfil the mandates transferred to them. To support the transfer of competencies to LGs, the central government committed to transferring 30 percent of fiscal revenues to local authorities by the end of 2018 (a mix of conditional and unconditional transfers), but it is still far from achieving this target (see Table 1 below). Tax revenues collected by LGs are insufficient to meet increasing expenditures associated with the transfer of competencies and must be supplemented by fiscal transfers. LGs rely heavily on transfers from the central government to finance their expenditures (they account for more than 80 percent of total revenues of LGs). Thus, the inability of the Government to meet its transfer commitment severely impacts the performance of LGs and,

³ A draft law has been presented in the Ministers Council that would increase the number of regions to 20, plus the District of Bamako, with 94 cercles.



in turn, service providers.

Table 1. Transfer of Budgetary Resources to Local Authorities

Year	2011	2012	2013	2014	2015	2016	2017	2018
Total resources transferred (bn CFAF)	64,900	126,500	126,900	147,900	170,900	213,300	261,822	326,238
Total budgetary revenues (bn CFAF)	775.1	813.3	842.7	935.3	1,120.1	1,277.8	1,429.0	1,650.0
Central Government transferred resources/total budgetary revenues (as a percent)	8.40%	15.60%	15.10%	15.80%	15.30%	16.70%	18.30%	19.77%

Source: Government of Mali data (MEF).

9. **The fiscal equalization role of intergovernmental transfers could be improved, as well as the timeliness and predictability of these transfers.** The repartition formula utilized by the National Local Government Investment Agency (ANICT in French) to allocate resources to LGs is intended to ensure equity by considering the degree of development of local and regional authorities, but communities with limited administrative infrastructure and/or low population density do not always benefit as might anticipated. Transfers do not always favor the poorer regions. For example, between 2006 and 2016, ANICT transferred 16 times as much to Kidal as to Sikasso, the poorest region in Mali. Meanwhile, transfers to LGs fluctuate significantly year-on-year, reducing their predictability, and are announced late to LGs (6 to 9 months after the beginning of the fiscal year), which reduces both the latter's ability to forecast budgets and schedule investment and their credibility vis-à-vis service providers and local populations.

10. **In the health and education sectors, there is a need to improve information flows, resource planning and management, and transferred amounts to ASACOs.** According to the latest (2017) health sector Public Expenditure Review, ASACOs must go through 10 steps involving eight actors to access operating funds for CSComs. The release of the capital budget takes 39 steps. Budget management is weakened by lack of capacity and insufficient knowledge of regulations and processing deadlines. Funds that should be accessed through LG budgets are often unavailable, adversely impacting the efficiency and quality of the health system. Other factors affecting service delivery in the sector include a lack of information (local authorities are still often unaware of the details of the responsibilities transferred by law); low capacity of communes and ASACOs for resource planning and management, including asset management; and an insufficient transfer of funds to LGs compared to the budgeted levels.

11. **In the education sector, the mechanism for funding school activities (including school supplies and canteens) through CGSs remains ineffective and salary payments are not based on actual teacher presence.** Educational facilities are broadly inadequate, and learning outcomes are unsatisfactory. An assessment of the learning environments of civic organizations across Mali by the Beekunko Program (OMAES, 2014), showed that in about 12 percent of the classes, children were sitting on the floor, and in 18 percent of the classrooms, desks were accommodating more children than they are designed for. Desks were broken or in disrepair in 11 percent of the classrooms, and in one out of five classrooms, there was no schedule of the day's subject matters or timetable displayed for the children or the teacher. Similarly, only a limited number of public schools has a school canteen, and few of them operate throughout the year. This is mainly a function of the limited availability and suboptimal use of resources for educational facilities and the inefficiencies associated with decentralization processes.

12. **Current LG support mechanisms are inefficient, and resources are concentrated in the capital.** Central ministries have established multiple, overlapping technical support structures to support LGs, often with limited



resources, in the capital and at the local level. At the central level, units coordinated by the Ministry of Territorial Administration and Decentralization are responsible for the design, implementation, and coordination of decentralization. At the local level, deconcentrated central government units located in regions, counties, and communes provide advisory and technical support to LGs. Liaison and coordination officials have been assigned to monitor and assess the support and coordinate development actions at the regional, local, and communal levels. More recently, Regional Development Agencies (ADR) have been created to provide technical assistance to LGs. In addition, the Government is also establishing Village Land Committees (*Commissions Foncières Villageoise/CoFoV*) and Communal Land Committees (*Commissions Foncières Communales/CoFoC*) tasked to reduce and mediate land conflicts and support land tenure management. To improve efficiency and effectiveness of LG support mechanisms, it is necessary to clarify their roles and competencies and provide them with adequate resources to fulfill their missions.

13. Limited technical and managerial capacity hamper the ability of LGs to manage local development and service delivery, creating disincentives for the central government to transfer financial resources, but progress is possible. Technical and administrative institutional capability is low due to a lack of trained staff, high staff turnover, and low pay. These factors limit the quality of planning, budgeting, and public investment management processes. The absence of effective career management systems, together with poorly targeted and limited on-the-job training, make it difficult for LGs to attract and retain qualified staff. This creates a vicious circle whereby the central government is reluctant to transfer additional resources and the lack of resources further compounds the ability of LGs to develop more capacity. Organizational structures and staffing strategies need to be refined to ensure key positions are held by qualified technical staff. The Urban Local Government Support Project (PACUM)⁴ demonstrated that with strengthened technical and managerial capacity, certain larger urban LGs have the capacity to implement investments in health, education, and urban infrastructure. Finally, as with the education sector, resources are concentrated in the capital; for example, most qualified health staff are concentrated in Bamako and the regional capitals.

14. The limited accountability framework for LGs creates a further disincentive for the central government to transfer financial resources. Mali has a body of laws and regulations that establishes the accountability of local officials, as well as sanctions. Obligations of elected officials are defined in Law No. 06-043 of August 18, 2006 on the Status of Elected Officials of LGs. LG budget and accounting regulations as well as internal and external control mechanisms are established in various regulations⁵ and call for the involvement of entities such as the financial controller, ministerial inspections, comptroller general of public services, ANICT, the Office of the Auditor General, the Accounts Section of the Supreme Court, and so forth. The regulations are not always used effectively, reducing the real impact of the accountability framework. Limited accountability of local elected officials and managers in cases of irregularities, errors, or dishonesty reinforces a sense of impunity and constitutes a major risk to increasing and improving LG public spending.

15. Citizen engagement (CE) can usefully supplement institutional accountability mechanisms. The principal mechanism for accountability at the local level is through the election of communal councils. While citizens have a right to information on budgets at every level of government, they are rarely aware of their rights or of what mechanisms are in place to promote participation and accountability. Civil society organizations can play an important role in helping communities access information and use CE mechanisms to monitor development plans

⁴ The Mali Urban Local Government Support Project (P116602) was designed to support strengthened institutional performance in 14 urban local governments and to contribute to improved infrastructure services in targeted cities.

⁵ Loi n° 96-060 relative à la loi de finances ; loi n° 96-061 portant principes fondamentaux de la comptabilité publique.



and hold LGs accountable. Some citizen oversight initiatives have been initiated but they need to be streamlined.

16. **Gender inequality in Mali is an important issue with women's participation in public administration has not yet reached the minimum of 30 percent recommended in the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).**⁶ The 2017 UN Gender Inequality Index ranks Mali 139 out of 144 countries; with only 8.8 percent of Mali's parliamentary seats being held by women; while 57.3 percent of girls are enrolled in primary education, and only 15 percent of them complete secondary education. The proportion of women in public service administration increased from 19.4 percent in 2006 to 28 percent in 2017, according to the 2017 UNDP Gender Equality in Public Administration. At the subnational level, the participation rate of women in the public sector is similar, though at higher rate in the capital than in the other regions. Most women have administrative careers (Administrative Officer and Secretary of Administration); however, since 2011 women also have managerial positions. Change is slow, but there is an increased political will to promote participation of women in public administration.

C. Relevance to Higher-Level Objective

17. **The latest Country Partnership Framework (CPF) for FY16-19⁷ focusses on three areas: improving governance; creating economic opportunities; and building resilience in response to binding constraints identified in the 2015 SCD.** The proposed project is consistent with the first focus area, as it supports improved public financial management and state deployment and decentralization to promote quality service delivery. The project will also contribute to the Bank's engagement in Mali to improve efficiency and pro-poor public expenditures and to build citizen capacity to strengthen accountability and, in turn, to improve service delivery.

18. **The proposed operation will be the first in a Series of Projects (SoP) designed to assist the Government in operationalizing the decentralization agenda, deploying state financial and human resources while rendering resource mobilization and deployment more effective to better deliver services at the local level.** The overall Program Development Objective is to strengthen the mobilization and deployment of state resources for public service delivery at the local level. Deploying state resources, strengthening institutions for decentralization, and addressing service delivery bottlenecks will require significant resources, technical support, and time, and will contribute to addressing some of the key drivers of fragility.

19. **The rationale for choosing the SoP instrument is to respond to the long-term objectives of the decentralization reform in Mali.**⁸ The series would consist of three projects. The first focuses on building the necessary elements for an effective operationalization of decentralization so as to strengthen the delivery of public services in health and education. The project will support 100 of the 703 communes in more effectively utilizing their resources. The next projects would progressively expand the number of LGs benefiting from technical assistance and shift the focus toward greater resource mobilization at the local level, thereby seeking to reduce LG reliance on intergovernmental transfers.

20. **The proposed project will complement and enhance the impact of other World Bank (WB) initiatives in Mali and the WB Human Capital Project.** To start, it will build on the PACUM project, which contributes to developing LG capacity. The project will continue to strengthen the role and capacity of ANICT to solidify and

⁶ CEDAW is an international treaty adopted in 1979 by the United Nations General Assembly.

⁷ New CPF is likely to be prepared for FY 21 .

⁸ Decentralization reforms in Mali have the following objectives: (i) to expand the process of democratization and participation of the population in the management of public affairs; (ii) to promote local development by favoring initiatives of relevant civil society actors and the creation of a framework controlled by the local population; and (iii) to operationalize the subsidiarity principle of service delivery in priority sectors, such as health, education and land management.



diversify financial resources of LGs. Furthermore, it will be aligned with the WB study “Building a More Efficient Fiscal Decentralization System in Mali” (P164707), which helped the Government identify and address constraints for an effective fiscal decentralization process that would enhance service delivery efficiency. By strengthening fundamental institutional systems needed for the provision of key public services, this operation is also fully aligned with the Energy and decentralization Development Policy Operation (DPO) (P167547) with pillars focusing on the electricity sector and improved local service provision in health and education, the Education for Quality Improvement Learning Project (P168786), the Accelerating Progress Towards Universal Health Coverage (P165534), all under preparation⁹, as well as the WB Human Capital Project, which seek to increase investments in human capital to improve the health, skills, knowledge, and resilience of people.

21. **The timing of the proposed project is supported by the momentum on decentralization.** This operation along with other operations under preparation as mentioned above addresses some of the existing constraints to the decentralization process. The new central administration in place since September 2018 is committed to operationalizing the decentralization agenda. Furthermore, key financial and technical partners in the decentralization initiative are converging under a common vision to support the reform agenda. As a key piece for the restoration of peace and stability, the momentum and pressure from social groups to advance decentralization is very strong and likely to continue.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

22. **The Project Development Objective is to improve the availability and timeliness of resources from the central government to LGs, and to service centers¹⁰, as well as the management and accountability of these resources by LGs and service centers.**

PDO Level Indicators

23. **The project performance in achieving the PDO will be measured through the following key outcome indicators:**

- The percentage of central government budget transferred to LGs. This indicator measures the availability of resources to LGs.
- Time it takes for the payment of LG expenditures to service centers and other service providers in participating LGs. This indicator measures the timeliness of availability of allocated resources to LGs.
- The percentage of public primary schools operational 30 days after the start of the school year in participating LGs.¹¹ This indicator measures the availability, timeliness, and use of resources in the schools.
- The percentage of health infrastructures (CSCoM) with an average score for quality of facility (based on a checklist) of 70 percent in participating LGs. The indicator measures the availability, timeliness, and use of resources in CSCoM.
- The number of communes with functional CDQs/Vs providing regular community feedback to LGs and/or DGCT. This indicator measures management of funds and accountability at the local level.

⁹ The Energy and Decentralization DPO (P167547) is expected to be approved in FY20, the "Education for Quality Improvement Learning Project" (P168786) is expected to be approved in FY19, and the "Accelerating Progress Towards Universal Health Coverage" (P165534) is expected to be approved in FY20

¹⁰ Service centers refer to schools and health service centers.

¹¹ Measured by the availability of school material and the presence of teachers, as defined in the Project Implementation Manual (PIM).



B. Project Components

24. **The proposed operation seeks to address key challenges related to the level of financing transferred to LGs, and to institutional capacity and accountability mechanisms that affect the capacity to deliver services in health and education at the local level.** This operation supports institutional reforms that seek to establish a more robust foundation for the evolution of the decentralization agenda in Mali and has the following features:

- **Transformational scalability.** The operation can be transformational and scalable, given the potential to reach a significant proportion of the population in the first phase (100 communes and approximately 43 percent of the population).
- **Platform for joint donor intervention.** The operation will provide a coordination platform for donor support to decentralization led by the World Bank (WB) and a strong dialogue with the Government. France, the Netherlands, and Switzerland have plans to contribute to the operation in the future.
- **E-government and reliance on technology.** The operation puts an emphasis on leveraging technology to reduce bureaucracy and enhance the quality, accessibility, and transparency of information and ultimately service delivery.
- **Citizen engagement.** The operation builds on experience and emphasizes CE as a crucial means to promote and supplement accountability mechanisms.
- **Addressing critical bottlenecks.** The operation addresses bottlenecks in the delivery of health and education services, such as lack of funding and of weak capacity and accountability at the local level.

25. **The project consists of three complementary components for a total of \$50 million¹² equivalent, which will use both results-based and traditional disbursement methods:**

- **Component 1. Results-based Financing** (\$32.2 million equivalent) to provide incentives for achieving results in the Government's decentralization strategy, budget decentralization process, performance-based budgeting, and service delivery. Disbursements will be made to the Finance Ministry, conditional on pre-specified results, as verified by achievement of disbursement-linked indicators (DLIs) and spending on the Eligible Expenditure Program (EEP).
- **Component 2. Technical Assistance** (\$16 million equivalent) would finance key essential advisory, technical, and capacity-building support for the decentralization strategy and performance-based budgeting.
- **Component 3. Project Management** (\$1.8 million equivalent). Components 2 and 3 will follow a traditional reimbursement mode based on statements of expenditures after the completion of activities.

26. **The project will simultaneously tackle issues at the national and local levels.** Thus, over the course of the five years, the project will cover horizontally national-level structural reforms that will impact all LGs across the country. At the same time, the project will focus vertically on piloting certain activities that support mechanisms to boost the performance of selected LGs and enhance demand for accountability through increased participation and voice.

27. **Selection of communes.** In this first project of the SoP, the Government has selected 100 communes across all regions based on socioeconomic criteria and expression of interest. Criteria applied included communal population, strength of the administrative infrastructure in the commune, existence of civil registration service, telephone network coverage, presence of micro finance/banking establishment, connection to electricity, existence of a primary or secondary school, and existence of a community health center. To ensure national representation in each region, a minimum quota of communes per region was established. Subsequently, each

¹² Unless otherwise specified the currency referenced throughout this document is the U.S. dollar.



selected commune was requested to confirm their interest in participating in the project. Among the 100 communes selected, 14 benefited from support by the PACUM project. To account for insecurity and in case some communes would drop out or could not be accessed during project implementation, a waiting list of approximately 10 communes was established. The list of selected communes can be found in Annex 4, as well as additional information about the selection process. As a prior result, DLI 1 will provide an incentive to the Government for the formalization of the selection of participating communes by the adoption of a ministerial text.

Component 1. Supporting deployment to and management of resources to LGs (SDR 23,250,000, \$32.2 million equivalent).

28. **This component seeks to provide incentives to the Government through disbursement-linked indicators (DLIs) to improve the availability, timeliness, and management of resources from the central government to LGs, all the way to service centers** (schools and health service centers) as discussed immediately below.

29. **Availability of funds through increased and more timely intergovernmental transfers to LGs.** DLI 2 and 3 are designed to incentivize the Government to increase the availability and timeliness of intergovernmental transfers (conditional and unconditional) to LGs, particularly as LGs have limited fiscal powers to raise their own revenues through local taxation and other sources. DLI 2 will provide an incentive to the Government to sustainably increase the amount of resources available to LGs, getting closer to the 30 percent target set by the Government. DLI 3 focuses on the timeliness of budget availability to meet expenditures incurred by LGs. The DPO under preparation referenced in paragraph 20¹³ calls for amending the law creating the National Local Government Support Fund (FNACT) to allow direct budgetary appropriation lines to decentralized communes. Thus, DLI 3 represents the operationalization of this DPO measure for LGs by incentivizing the Government to implement mechanisms allowing for timelier budget execution by LGs. The additional resources made available to LGs by DLI 2 will assist in closing the existing financing gaps for the delivery of services in health and education, particularly with the implementation of DLI 4 and 5 (described in the following paragraph).

30. **Availability of funds to service providers through improved procedures.** DLI 4 and 5 are designed to incentivize the Government, LGs, and services providers to increase the availability, timeliness, and management of resources at the local level, to support strengthened institutional performance of targeted urban LGs and to contribute to improved infrastructure services in targeted communes. Additional resources made available to LGs through DLI 1 and 2 will flow to service providers, through their management committees (CGSs for the schools and ASACOs for the community health centers). DLI 4 and 5 will incentivize LGs to comply with their responsibilities of budgeting and transferring funds to schools and community health centers. DLI 4 and 5 will also incentivize management committees of schools and community health centers to comply with their responsibilities and use the funds to improve the efficacy of schools by purchasing required materials by the beginning of the school year, and enhance the quality of health facilities in selected communities. The DLIs build on a measure in the DPO to strengthen decentralized education and health service providers by establishing a mechanism of effective transfer of financial resources to school management committees and health management committees.

31. **Eligible Expenditure Programs (EEPs).** An analysis of the decentralization program budget identified the following EEPs as suitable for project financing: salary and wages and operating costs related to LGs and the central government, particularly ANICT. EEPs comprise non-procurable items only. Total EEPs and disbursement by year is shown in Table 2.

¹³ Energy and Decentralization DPO (P167547).



Table 2. Eligible Expenditure Programs

Identified Eligible Expenditure Program	Finance Law 2018		Eligible Expenditure Amount (US\$ M)					
	2016 for all CTs	2016 for 100 CTs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
EEP Budget								
Local Government Operating Costs:								
Salaries and benefits (budget line 61)	290.5	41.3	41.3	41.3	41.3	41.3	41.3	206.5
Other operating costs (budget line 66)	9.1	1.3	1.3	1.3	1.3	1.3	1.3	6.5
ANICT (operating costs)	0.06		0.06	0.06	0.06	0.06	0.06	0.3
DCGT (salaries)	0.2		0.2	0.2	0.2	0.2	0.2	1
Total (\$ M)	299.86	42.6	42.86	42.86	42.86	42.86	42.86	214.3
Disbursement of Grant Component 1 (\$ M)			5.98	7.36	6.44	6.44	5.98	32.20
DLI as percentage of EEP			14	17	15	15.7	14	15

32. **Verification protocols.** An independent verification agency will be contracted on an annual basis to conduct third-party verification for all project DLIs prior to their submission to the WB. The WB will retain the right to make the final decision on whether a DLI has been achieved and may undertake regular independent quality assurance checks of selected DLIs to ensure continued robustness of the system. In addition, an independent verification agency will be contracted on an annual basis to audit the Eligible Expenditure Program.



Table 3. Disbursement-Linked Indicators

DLI	IDA amount allocated to DLIs (32.2 M)	Baseline (as of Dec 31 2018)	Year 1 (indicative)	Year 2 (indicative)	Year 3 (indicative)	Year 4 (indicative)	Year 5 (indicative)
DLI 1. Selection of participation of LGs (prior results)	\$2.30 M	0	Ministry of Land Administration and Decentralization (MATD) has formalized the selection of participating communes by the adoption of a ministerial text.				
DLI 1 Value			\$2.30 M				
DLI 2. Support the transfer of resources to LGs	\$11.50 M	19.77 percent	21.3 percent of budgetary revenue transferred to LGs.	23 percent of budgetary revenue transferred to LGs.	25 percent of budgetary revenue transferred to LGs.	28 percent of budgetary revenue transferred to LGs.	30 percent of budgetary revenue transferred to LGs.
DLI 2 Value			\$2.3 M	\$2.3 M	\$2.3 M	\$2.3 M	\$2.3 M
DLI 3. Support the timeliness of availability of resources to LGs	\$3.68 M	More than six months after the beginning of FY.		Payment of LG expenditures takes place within 90 days of mandate.	Payment of LG expenditures takes place within 90 days of mandate.	Payment of LG expenditures takes place within 90 days of mandate.	Payment of LG expenditures takes place within 90 days of mandate.
DLI 3 Value				\$0.92 M	\$0.92 M	\$0.92 M	\$0.92 M
DLI 4. Support better service delivery in health at the local level	\$7.36 M		Signed mutual assistance contract with ASACOs in 25 participating LGs.	Signed mutual assistance contract with ASACOs in 75 remaining participating LGs.	75 percent of amounts budgeted in participating LG budgets for ASACOs with signed mutual assistance contracts have been transferred.	Average score of the quality of facilities (based on a checklist) in participating LGs of 70 percent.	Average score of the quality of facility (based on a checklist) in participating LGs of 70 percent
DLI 4 Value			\$0.69 M	\$2.07 M	\$1.38 M	\$1.84 M	\$1.38 M
DLI 5. Support better service delivery in education at the local level	\$7.36 M		Signed management contract** with public primary schools in 25 participating LGs.	Signed management contract with public primary schools in 75 remaining participating LGs.	75 percent of amounts budgeted in participating LG budgets for CGEs with signed management contract have been transferred.	50 percent of public primary schools operational*** 30 days after the start of the school year in participating LGs.	60 percent of public primary schools operational 30 days after the start of the school year in participating LGs.
DLI 5 Value			\$0.69 M	\$2.07 M	\$1.84 M	\$1.38 M	\$1.38 M
Total Financing Allocated	\$32.2 M		\$5.98 M	\$7.36 M	\$6.44 M	\$6.44 M	\$5.98 M

* In French, *Convention d'Assistance Mutuelle Commune ASACO*

** In French, *Convention Type*

*** Measured by the availability of school materials, as defined in the Project implementation Manual (PIM).



Component 2. Strengthening institutions and capacity for more inclusive and accountable local governments (SDR 11,552,000, \$16 million equivalent). The component is complementary to component 1 and aims to support strengthening capacity at central and local levels to implement the decentralization framework through three interrelated sub-components.

33. **Subcomponent 2.1. Support to the implementation of the decentralization framework (\$5.87 million equivalent).** This subcomponent will finance technical assistance (TA), including consultant and non-consultant TA, and training and goods to strengthen the decentralization process and legal framework, as follows:

- **Clarify roles and responsibilities in health and education, and facilitate budget decentralization.** The project will finance technical assistance (TA) to clarify and communicate roles and responsibilities of entities in relation to decentralized responsibilities, and it will facilitate (a) the implementation of the budget decentralization framework to stakeholders, (b) provide support to and extension of program budgeting to LGs, and (c) provide support to deconcentrated fiduciary services (treasury, procurement, and financial control). It will also support the implementation of tools to identify all actors in budget execution, and enable the decentralization of financial decision-making and the implementation of results-based management tools at the local level. The project will finance capacity-building activities for CGSs and ASACOs and TA to improve the allocation and management of human resources in the two sectors. In education, activities will include the implementation of tools to monitor teachers' absenteeism using technology (mobile phones) at the commune level and strengthening the vocational training under the responsibility of LGs. In the health sector, activities will include the expansion of the quality of facility checklist in selected communes, in coordination with the health project mentioned in paragraph 20 (P165534) under preparation, to monitor the use of funds by ASACOs and the quality of facilities.
- **Support to strengthen the fiscal transfer mechanism.** The project will finance (a) a digital solution to improve timeliness and predictability of funding to LGs; (b) TA to support implementation of the new formula for the calculation of intergovernmental transfers (particularly the incorporation of the LG performance element in the formula); (c) TA to support the regionalization of ANICT with the strengthening of regional ANICT antennas to participate in the computation of the formula and provide additional services to LGs (particularly assisting LGs in meeting performance criteria for eligibility to performance-based grants); and (d) TA to strengthen monitoring and evaluation (M&E) activities.
- **Support the extension of LG performance grant mechanism.** The project will finance TA to expand implementation of a LG performance grant mechanism, applying lessons learned under the PACUM. The project will support the creation of a new M&E unit within the General Directorate of Local Governments (*Direction Generale des Collectivités Territoriales/DGCT*) responsible for LG performance monitoring. In addition, the project will finance the finalization of evaluation procedures, their implementation, and time-bound TA to LGs to sequentially enable groups of communes to improve performance (combined with support to citizen engagement in the same communes). The project will also finance a digital solution through a revamped local government database called dataset OISE (*Outil Informatisé de Suivi-Evaluation* in French) for collecting and sharing of LG performance information among government levels, as well as civil society, and enhance stakeholder ability to monitor LG performance and the quality of service delivery.

34. **Subcomponent 2.2. Strengthening institutional capacity at local levels to better manage resources (\$6.46 million equivalent).** This subcomponent will support strengthening the capacity and functionality of LGs to better manage public finance through the following technical assistance activities:

- **Strengthening technical services provision to LGs and coordination.** The project will assist in clarifying the



role and competencies of Regional Development Agencies (ADRs) and their links to deconcentrated services, as well as strengthen them by providing tools, equipment, and training for the provision of TA to LGs for planning, programming, and execution of local development activities within their competencies. In addition, the project will provide tools, equipment, and training to local coordination committees (CROCSAD, CLOCSAD, and CCOCSAD) to better fulfill their monitoring mandates.

- **Strengthening and digitalizing administrative capacity of LGs.** The project will provide support to create mechanisms for assisting and empowering LGs to better manage their resources and develop comprehensive training programs, in areas such as budgeting, resource management, procurement and construction/contract management (*"maitrise d'ouvrage"*), and change management activities, in collaboration with the recently-created training institute for local governments (*Centre de Formation des Collectivités Territoriales/CFCT*). The project will finance activities to reinforce the archiving system and tools at the decentralized level; the deployment of a technological solution to improve decision-making and management activities at the local level (planning, execution, accounting, and control of expenditures and revenues); and improve government-to-government data exchange and existing technological platforms for CE.
- **Strengthening internal control mechanisms in LGs.** The project will support strengthening internal control procedures for the execution and monitoring of local budgets to increase the effectiveness of public expenditures. This will include strengthening the advisory functions provided by deconcentrated units to local governments, through capacity building, implementation of tools, computerization of the expenditure processes, dissemination of good practices, and communication campaigns to better inform LGs.

35. **Subcomponent 2.3. Strengthening oversight and citizen engagement mechanisms (\$3.67 million equivalent).** This subcomponent will support strengthening of government oversight mechanisms of LGs, as well as citizen engagement mechanisms through the following technical assistance activities:

- **Strengthen oversight framework and mechanisms.** The project will finance TA to strengthen the oversight framework for LGs, including the roles and responsibilities of various oversight entities. The project will finance TA to strengthen oversight mechanisms related to external control, including support to the Office of the Auditor General (*Bureau du Verificateur/BVG*) to increase the number of LGs audited, to the Supreme Audit Institution (SAI) (*Section des Comptes a la Cour Supreme/SC-CS*) to increase their review and judgement of local government accounts, and to the *Control General des Services Publics/CGSP* to increase the number of LG audits reviewed.
- **Improve accountability and citizens engagement.** The project will finance TA to clarify coordination mechanisms between DGCT and the *Direction Nationale du Développement Social/DNDS* to support and facilitate social mobilization at the local level. At the local level, the project will offer a blend of incentives (grants) and direct support to LGs to promote citizen engagement in partnership with civil society organizations. The citizen engagement modality will incorporate guidance on basic participatory approaches to local governance (communication, access and dissemination of information, public consultations on investment planning and execution, management, and redress of grievances, etc.). Additionally, the project will establish a grievance redress mechanism at the national level dedicated to local governance processes.



Component 3. Project management (SDR 1,298,000, \$1.8 million equivalent).

36. **This component will support Central Government efforts through the dedicated Project Coordination Unit (PCU) at the Ministry of Economy and Finance (MEF) along with the small coordinating unit at DGCT.** This component will support the day-to-day management of project activities, including consultant services, goods needed for the implementation and monitoring of project-related activities, and the evaluation of project outcomes. Accordingly, the project will support the following activities:

- Enhancing the Government's implementation capacity, including through the establishment of a PCU and the provision of technical assistance
- Developing a change management strategy, communication strategy, and project operational manuals for the implementation of the project
- Providing contingency funding for unanticipated costs and project activities
- Supporting the implementation, and verification, of DLIs.

Project Financing

37. **The Swiss and the Dutch through a multi-donor trust fund (MDTF), and the French with direct disbursements to the Government of Mali (GoM), have expressed interest to co-finance the operation (with additional amounts of \$14 million equivalent for the Swiss and the Netherlands and \$16.8 million equivalent for the French or AFD).** Administrative Agreements with the Swiss, the Netherlands and AFD are being finalized, and will be negotiated as Additional Financing after project effectiveness. Thus, as Administrative Agreements with the Swiss, Dutch, and French have not yet been signed the co-financing amounts have not been reflected in Table 4. An MDTF will be established to manage the co-financing from the Swiss and the Dutch and will be managed by the Bank. The unified financing and monitoring and evaluation (M&E) approach of the operation will contribute to simplifying and harmonizing efforts to support the Government's decentralization agenda.

Table 4. Project Financing

Component	IDA \$ M	IDA SDR	% Total
Component 1	32.2	23,250,000	64
Component 2	16	11,552,000	32
Subcomponent 2.1	5.87		
Subcomponent 2.2	6.46		
Subcomponent 2.3	3.67		
Component 3	1.8	1,298,000	4
Total operation financing	50	36,100,000	100

38. **Financing prior results.** The DLI1, the formalization of the selection of communes is expected to be met prior to the operation's effectiveness date and will be disbursed against the verification of its achievement at the time of effectiveness. The project will also request an advance for the implementation of the TA component in the amount US\$5 million to facilitate the achievement of results in the first and second year.

C. Project Beneficiaries

39. **The primary beneficiaries of the proposed operation are the citizens living in the targeted 100 LGs**



(representing roughly 45 percent of the population). Citizens will benefit from improved LG capacity to improve the efficiency and effectiveness of public expenditures, enhance the quality and timely completion of public infrastructure, and provide better services in education and health. Moreover, access to information and participation of local citizens, including women and youth, in planning and monitoring development activities managed by LGs will contribute to improving the selection of investments so that they are aligned with strategic priorities and the needs of the populace.

40. **The direct beneficiaries of the project are members of the civil service in the targeted ministries and public agencies, as well as local government authorities.** The proposed operation emphasizes the development of human capacity in the civil service, both at the national and local levels, with the delivery of training programs and change management activities. Front-line service delivery units, particularly schools and health centers, are also expected to benefit from better upstream management of public resources.

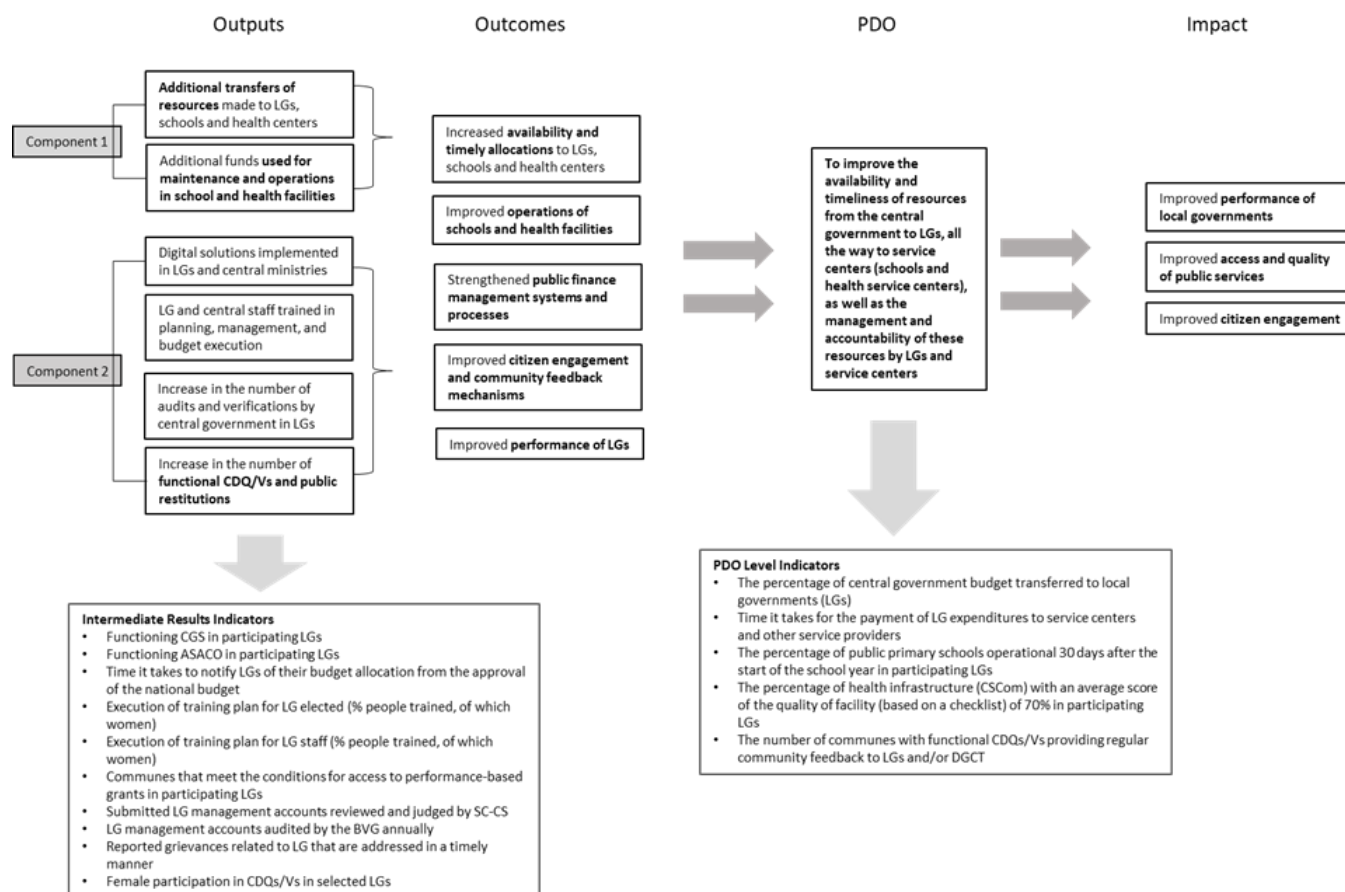
41. **Finally, the ultimate beneficiaries of the project will be Malian citizens who stand to gain from improvements in both the quantity and the quality of public services delivered.** As the project proceeds, improvements in the availability and management of resources in LGs, increased transparency of budget execution, and strengthened control mechanisms should translate into greater availability of funds for financing the provision of basic social services, while improvements in expenditure management and control will promote greater effectiveness across the public administration. In addition, citizens stand to benefit from new social accountability tools and innovative approaches with the use of new technologies that will ensure improvements in the quality of services.

D. Results Chain

42. **Theory of change.** The project aims to address key challenges that impede effective decentralization in Mali and efficient service delivery to citizens: lack of clarity in the decentralization framework in clearly defining roles, competencies, and standards; inadequate financial resources transferred from the central government to LGs; weak technical and managerial capacity of LGs to manage resources; and weak accountability framework for LGs. The project seeks to streamline citizen engagement tools and bring together citizens and LGs to increase citizen inclusion in decision-making processes. The project also seeks to utilize digital solutions, interconnecting public sector entities to enhance the flow and availability of information, increase transparency, and improve governance and policy-making. Figure 1 outlines the theory of change prepared for the project and presents the relevant interventions to achieve the desired outcomes.



Figure 1. Theory of Change



E. Rationale for Bank Involvement and Role of Partners

43. **The proposed project will support the Government's decentralization agenda**, a key element of the 2015 Agreement for Peace and Reconciliation, to which the Government is strongly committed. In addition to promoting peace and stability, the project will also foster local development and serve as a catalyst for stronger citizen engagement. The decentralization reforms will require significant support over a long period of time to succeed.

44. **The proposed project builds on the longstanding engagement in decentralization of the WB and other donors and will benefit from synergies with other WB operations.** The design of the operation benefits from the knowledge and experience in the sector of the WB, the co-financiers who are likely to contribute to the MDTF (Switzerland and the Netherlands), as well as other donors (the EU, France, and Germany). This positions the WB well in the policy dialogue in the sector and is expected to contribute to fostering efficient project implementation. Furthermore, the operation will benefit from synergies from other WB investment project financing (IPF) in health and education and from the DPO operation under preparation discussed in paragraph 20.

45. **The proposed project draws upon analytical work for its preparation, as well as ongoing studies that will assist in its implementation.** The proposed operation draws upon several analytical studies, such as the Mali



Fiscal Decentralization Assessment undertaken by the World Bank in 2018, the organizational audit of FNACT and ANICT undertaken by the EU in 2017, the report on the feasibility of the introduction of performance grants for LGs financed by the Belgium Development Agency (Enabel), and the report on implementing fiscal decentralization undertaken by the IMF in 2015. Additional studies underway, such as a political economy analysis of decentralization and approaches in service delivery in low-density and fragile areas, which are expected to be completed by the end of June 2019, are expected to provide valuable insights and recommendations that will be incorporated in the project.

46. **In addition, this project is consistent with other international and regional strategies and agendas, such as the Sustainable Development Goal (SDG) 16.** This SDG calls for “the building of effective, accountable and inclusive institutions at all levels” while the African Union (AU) Vision 2063 states its aspiration for an “Africa of good governance, democracy, respect for human rights, justice and the rule of law.” The project is also aligned with the work being undertaken by other development partners, including the European Union and bilateral agencies such as the Swiss Agency for Development Cooperation (SDC), AFD, the Netherlands, and the German Corporation for International Cooperation (GIZ), as detailed in Annex 6.

F. Lessons Learned and Reflected in the Project Design

47. **The proposed project builds on lessons learned from previous WB operations in Mali and analytical work and is designed to seek synergies with and support of other WB- and donor-funded programs, where appropriate.** The proposed project adopts a problem-driven approach to address the binding constraints that affect the Government’s capacity to effectively implement its decentralization policy, while fully extending the benefits of program budgeting to LGs, enabling them to more efficiently manage their resources and ultimately provide better services to their citizens. Several lessons have been incorporated including:

- The importance of establishing a dedicated PCU to implement projects in Mali
- The importance of including citizens participation tools in the project
- The importance of supporting policy dialogue through a DPO and maintaining communication with the DPO Task Team
- The importance of coordinating with other WB-financed operations, such as the DPO under preparation, and other donor-financed operations present in the sectors, such as the EU and GIZ
- The importance of adopting a problem-driven approach
- The importance of previous analytical work
- The importance of capitalizing on the achievement of the PACUM by piloting certain activities in the 14 urban LGs it supported and seeking to streamline some of the lessons learned from the project.

48. **The lessons learned from PACUM have informed several aspects of this project.** The project capitalizes on the achievement of PACUM by initially further supporting the 14 urban communes covered by PACUM, as well as other communes, to reach coverage of 100 communes at the end of the project. Also, the basic principle of performance-evaluation and grant allocation piloted under PACUM carries over to this project, building on the evaluation experience accumulated in the DGCT. Other specific elements of PACUM that have informed the project are the need for technical assistance to communes to ensure that performance-based grants turn into investments; the need to ensure a strong and systematic approach to citizen engagement (see further details below); the need to simplify and decentralize performance evaluation; and the need for strong definition of performance indicators and feed-back to local governments on qualitative aspects of performance.



49. **The Citizen Engagement component is informed by lessons learned from the PACUM project and the preliminary findings of the ongoing study in Mali on the dynamics between the formal and the traditional social structures, which will allow for the identification of sustainable community-level monitoring processes.** Lessons learnt from global experience as well as PACUM, show that when the state actively seeks citizens' participation and input—by adopting a CE approach—the creation of spaces and processes that allow community-based discussion and monitoring of access and quality of services are fostered. This enhances downward accountability by increasing transparency, which consolidates demands for equitable access to quality services and promotes accountability. Lessons from PACUM also highlight the importance of access to information on development plans as a prerequisite to an informed citizen feedback. Also, civil society organizations (CSOs) play a key role in enhancing, structuring, and consolidating social mobilization. However, in fragile contexts such as in Mali, it is important to build CE capacity and skills of the development-oriented CSOs working at the local level. CE mechanisms can improve service delivery by channeling feedback from local constituencies, including marginalized groups. Building on the lessons learnt, the project design includes a variety of measures to support mainstreaming community-level citizen engagement and downward accountability. The proposed community monitoring activities will provide a bottom-up instrument to hold CTs to account.

50. **The design of the project is informed by the new study on fiscal transfers formula.** The WB recently completed a study on building a more equitable and stable intergovernmental fiscal transfer system. The study proposes reform options aiming to make intergovernmental fiscal transfer more equitable and predictable based on revenue sharing and equalization; extending performance-based grants to all subnational governments to improve service delivery; and clarifying expenditure competencies to ensure the autonomy and accountability of subnational governments and improve service delivery. The design of the project draws substantially on the findings and options presented in the study.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

51. **The MEF will have the overall technical and fiduciary responsibility for the project through a PCU that will be created before project effectiveness.** The PCU will be composed of personnel recruited on a competitive basis with terms of references (ToRs), qualifications, and experience acceptable to the WB. In addition, a subunit under the PCU will be created within DGCT for the purposes of implementing this IDA-financed operation. Furthermore, all project beneficiary institutions will formally nominate focal points who will be supporting the implementation of project activities and ensure technical coordination and effective oversight of said activities. The focal points will be directly involved in the project activities and will facilitate their day-to-day management and monitoring by establishing regular channels of communication between the PCU and the beneficiaries.

52. **At a minimum, the PCU will comprise a project coordinator, a procurement specialist; a financial management specialist; two accountants; a monitoring and evaluation specialist; an administrative assistant; and experts responsible for each subcomponent.** The DGCT subunit will include an M&E specialist; a Communications Specialist; a Planning Specialist; and a Local Tax Specialist. Annex 1 provides details on the implementation arrangements and PCU staffing.

53. **The project will be implemented under the overall leadership of the MEF and the Ministry of Land Administration and Decentralization (MATD).** A project Steering Committee ¹⁴will be established by an Inter-Ministerial Decision of the MEF and the MATD. The Steering Committee will oversee the project, approve Annual

¹⁴ The project steering committee is named in the legal agreement the technical steering committee.



Work Plans and Budget (AWPB), as well as its progress reports, and ensure that the broader project objectives are being met. The Steering Committee will be chaired by the MEF. It will be composed of representatives of targeted ministries, including implementing agencies in charge of executing the project's activities and CT representatives through "*Association faîtière*" (Association of LGs). This committee will review and approve the AWPB of the project as well as ensuring coordination across sectors during project implementation.

54. **The Project Implementation Manual (PIM) will define the roles and responsibilities of each stakeholder in the project, including the relationships among institutions, rules, procedures, and processing times to respond to specific requests from the WB or the Government.** The PIM will be prepared according to WB guidance and in close collaboration with the beneficiaries and will be approved before project effectiveness. A national consultant will be hired to finalize the draft PIM in consultation with the project's implementing agencies, as well as to facilitate its validation by promoting full ownership of its content by all stakeholders. The PIM will also provide detailed descriptions of how the project activities will be monitored, including a detailed M&E plan.

55. **An independent verification agent will be recruited within three months of the effectiveness date to validate the achievement of DLIs.** The Bank will verify the achievement of the prior result (DLI 1).

B. Results Monitoring and Evaluation Arrangements

56. **The PCU will include a specialized staff to fulfil its M&E responsibilities,** guided by an M&E framework, a results framework, a monitoring matrix to track inputs, outputs, and outcomes, and performance indicators and milestones. The M&E system has been designed to link technical and financial data on the project's progress. It will serve as a mechanism to assess progress toward project outcomes and as a day-to-day management tool. It will also support project supervision by ensuring that baseline and follow-up surveys and data collection for key performance indicators are available and regularly updated.

57. **The M&E process will involve data collection and reporting, production of periodic activity reports, and biannual reviews.** A Midterm Review will be conducted no later than three years after the first disbursement. A final independent evaluation will be conducted in the last semester of project implementation to assess overall achievement of expected project results.

58. **The activity of the PCU will be supplemented by close supervision of the WB through periodic missions and oversight by a liaison consultant on the ground.**

59. **The implementation and results of this project will be monitored through a variety of instruments,** including regular field visits by project beneficiary entities and project staff (from DCGT, ANICT, Directorate of the General Budget/DGB, etc.); oversight of the Project Steering Committee; annual operational audits that will produce timely information on the compliance of all stakeholders with the procedures and responsibilities outlined in the PIM and M&E plan; and the use of local NGOs in communities that staff are unable to reach because of insecurity. A variety of smart approaches leveraging digital technologies to facilitate project implementation and enhance monitoring and evaluation, such as geo-enabled cartographic representation of project activities and a mobile-based iterative beneficiary monitoring mechanism. Such mechanisms are a light, independent, and low-cost approach to project monitoring that was initially developed in Mali that collects information directly from beneficiaries and produces short reports on challenges that can be addressed by the project team, thus providing opportunities for course correction that contributes to overall project efficiency and beneficiary engagement and satisfaction. Initially developed as a simple tool that can be implemented in conflict-



affected areas where access to project areas could be limited, the simple, low-cost approach also makes it attractive and applicable to other settings.

C. Sustainability

60. **Project sustainability depends on client ownership and commitment, policy and institutional capacity, and continuity and political stability.** The Government has demonstrated commitment and ownership by linking the project to the long-term objectives of the Peace Agreements. The project is not just a decentralization initiative but rather a core means to enable the Government to comply with the Peace Agreements and help restore stability.

61. **Policy and institutional continuity remain a challenge because the main beneficiaries and implementing entities are notorious for changes of cabinet ministers, which are often accompanied by changes of staffing and direction.** Sustainability is achieved by closely associating the MEF during the design and implementation of the project, and by supporting the establishment of a permanent inter-ministerial coordination group to advise Government on sector policy matters. The project includes significant capacity-building efforts aimed at developing government capacity to implement the reforms after the project closes.

62. **Political stability and peace (the absence of which are principal drivers of fragility) are enhanced by this project through addressing grievances about deployment of state resources and service delivery at the local level.** By enhancing social accountability, and by creating peace dividends (stronger local development from increased transfers to LGs), the project will help to mitigate important factors that drive fragility.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analysis (if applicable)

63. **Strategic relevance.** Given the importance of deploying State resources, fostering decentralization, and strengthening LG capacity to support basic service delivery across the territory, the proposed operation is assessed as strategically relevant. The operation will contribute to the Government's agenda by increasing and better orienting resources to LGs to enable them to respond more effectively to improving the livelihoods of local populations. At the same time, the strengthening of national support mechanisms, local capacity, and the accountability framework will enable LGs to absorb additional resources to invest in local development and infrastructure and will develop capacity to better manage these enhanced resources. This will complement the significant advances made with respect to political decentralization in recent decades and will consolidate the social contract between local populations and locally elected officials.

64. **Technical soundness.** The proposed operation responds to the needs of both national and local actors while integrating lessons from successful examples in the regions and recommendations from recent analytical works. The piloting of incentive and institutional support mechanisms in the most capable LGs has been demonstrated as an effective strategy to create a demonstration effect and sustain reform momentum over the longer term. The program also supports enhanced citizen engagement through improved participation and access to information on local governance and the promotion of participatory local governance practices.

65. **Economic analysis.** Emerging evidence from similar operations indicates that the reforms supported by the proposed operation will likely reduce transaction costs associated with the delivery of local services thanks to improved predictability and reliability of transfers from the central government to local governments; improved public financial management capacity at the local level resulting from better budget planning and



execution and better reporting and accounting practices; and improved local administrative capacity, leading to improved LG responsiveness to the needs of citizens.

66. **Although the project is expected to contribute to improved service delivery, the benefits accrued are not easily quantified.** Data are not available to quantify the direct financial and economic impact of this project. Nevertheless, this project should lead to concrete economic impact through the expected improvement of the quality and efficiency of government spending to foster access to public services and, by extension, to human capital development. By focusing on fiscal decentralization, the project would help to place LGs at the forefront of service delivery, particularly in the social sectors. International experience shows that subnational governments have an important role to play in the implementation of public policies aimed at fostering social and human development. The key argument for reliance on subnational governments for service delivery is that they are closer to the intended beneficiaries of public programs. For this reason, subnational governments are believed to be better equipped and more effective to extract information on local preferences and needs than the central government, and to be more accountable to residents. With greater voice in the design and implementation of public policies, residents can also benefit from greater choice in the goods and services delivered to them by the government.

67. **In terms of financial benefits,** the project is expected to generate financial gains in LGs beyond additional transfers (conditional and unconditional) from the Central Government through capacity being created to increase collection of local taxes.

68. **In terms of economic benefits,** a recent analysis of regional-level school enrollment outcomes and LG poverty rates as dependent variables and LG-level expenditure data as the control variable showed a positive correlation between the fiscal variable and education outcomes and a negative correlation between the fiscal variable and poverty rates. Predicting the impact of fiscal decentralization on education and poverty outcomes is relevant to understanding the impact of decentralization, not only with respect to these indicators but also with respect to other socioeconomic indicators. Although comprehensive datasets on other socioeconomic outcomes are not available, by extrapolation, if the education and poverty indicators are affected by improvements in fiscal decentralization, it is likely that socioeconomic outcomes, including health care, water and sanitation, transportation, and electricity would be impacted as well. The project is thus expected to yield returns in terms of educational outcomes, health gains, improved water and sanitation, and enhanced mobility through improved road systems. Improved access to health facilities increases the well-being of the direct beneficiaries and carries important externalities by creating a healthier environment and opportunities for human development for affected communities.

69. **In terms of social impact,** the program is expected to yield better efficiency of public expenditures (the incentives and support provided to LGs will enable a more efficient and better use of public resources) which is expected to result in improved value for money and pro-poor targeting of infrastructure for service delivery, and increased trust in LGs, which could create more favorable conditions for more private investments.

B. Fiduciary

(i) Financial Management

70. **As MEF will be responsible for the fiduciary aspects of the project, a Financial Management (FM) assessment of MEF was undertaken.** The objective of the assessment was to determine whether the ministry has acceptable FM arrangements in place to ensure that project funds will be used only for intended purposes, with due attention to considerations of economy and efficiency. The assessment complies with the World Bank



Directive Financial Management Manual for World Investment Project Financing Operations effective March 1, 2010 and as last revised on February 10, 2017.

71. Although the residual FM risk for the project is deemed Substantial, it is expected that the FM arrangements will satisfy the WB's minimum requirements once mitigation measures have been implemented.

As a result of the identified FM capacity constraints, the following actions need to be completed to ensure adequate FM arrangements for all aspects of the project: preparing and adopting of the PIM before effectiveness, including FM procedures such as internal controls, budget process, assets safeguards, and description of roles and responsibilities of all stakeholders; recruit an FM Specialist before effectiveness. The PCU will also need to recruit two accountants (effectiveness condition) and purchase accounting software to reflect the specificities of the project after effectiveness.

72. Disbursement will be report-based for Component 1, with funds disbursed conditional on the satisfactory achievement of DLIs and verification of the EEP. Achievement of DLIs will be assessed through a DLI achievement assessment report provided by the PCU (on the basis of the DLIs monitoring protocol). Amounts under each DLR will be disbursed following an IDA No Objection, based on the assessment of these reports, against reimbursement of non-procurable expenditures line items related to salaries and benefits. The PCU will recruit a consultant (acceptable to IDA) to perform a review of the assessment report prior to the payment. Disbursement under components 2 and 3 (no-DLIs activities) will be transactions-based.

73. An assessment of the EEP was undertaken to ensure expenditures can be executed effectively to achieve projected results. The eligible expenditures for project financing (comprising wages and salaries, as well as operating costs related to LGs and central government agencies involved in decentralization, particularly ANICT) are reflected in the National budget. The latest Public Expenditure and Financial Accountability Assessment (PEFA) indicates that payroll information for civil servants are connected to the HR system with a monthly reconciliation between the two systems and that controls exist to ensure adequacy of payroll expenditures. Similarly, controls exist, through financial comptrollers, for non-payroll expenditures to ensure adequacy of expenditures.

(ii) Procurement

74. Procurement activities at the central level will be implemented by the PCU in MEF. The PCU will be responsible for all consultant selection and all procurement of large, complex, and/or pooled procurement across beneficiaries. The Recipient will conduct procurement for the proposed project in accordance with the WB's "Procurement Regulations for IPF Borrowers" (Procurement Regulations), dated July 2016 and revised in November 2017 and August 2018 under the "New Procurement Framework (NPF)," and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by The International Bank for Reconstruction and Development (IBRD) Loans and International Development Association (IDA) Credits and Grants," dated October 15, 2006 and revised in January 2011 and as of July 1, 2016. In addition, procurement arrangements will draw on the Bank Guidance on Procurement Procedures in Situations of Urgent Need of Assistance or Capacity Constraints issued on July 1, 2016 (see paragraph 29 in annex 1 for more information).

75. The Recipient shall use the WB's online procurement planning and tracking tools to prepare, clear, and update its Procurement Plans and conduct all procurement transactions.

76. Project Procurement Strategy for Development (PPSD). The Recipient (with the assistance of the WB) has prepared the PPCSD, which describes how procurement activities will support project operations for the achievement of the project development objective and deliver value for money. The strategy includes a summary



on Procurement Risk, Mitigation Action Plan, Market Analysis, and Procurement Approaches, and has been reviewed by the WB.

C. Safeguards

(i) Environmental Safeguards

77. **With respect to the Environmental Assessment, the project has been rated as a category C project with no anticipated adverse or minimal impact expected in accordance with Environmental Assessment policy (OP/BP 4.01), as project funds will primarily focus on building institutional capacity and providing technical assistance.** However, since, through the results-based financing in component 1, the project will provide incentives to the government to increase and improve the quality of health services provided at the local level, an agreement between the GoM and the Bank was reached to ensure that the Government, in its environmental and social due diligence related to the use of the resources that will be collected as direct impact of the project in the public financial management chain, will ensure the adequate implementation of the existing National Hospital Waste Management Plan, which will be updated and redisclosed prior to effectiveness of the project, and other relevant national instruments that will ensure full environmental and social compliance with Mali national environmental and social regulations. The performance-based result indicators will take into consideration this commitment.

(ii) Social Safeguards

78. **The project will adopt an incremental approach to citizen engagement (CE) cognizant of current capacity constraints of CTs and central government institutions.** However, these interventions and capacity building will be conducted in a scalable manner, leaving space for a future increase in scope, recognizing the primary objective of this project to strengthen the capacities of these institutions. For instance, while the focus of CE activities in this project would primarily be around community monitoring and consultations and grievance redress mechanisms, the CE interventions and capacity building will be conducted in a manner that they could also integrate participatory planning mechanisms at a future date when the capacities of CTs and state institutions improve.

79. **Gender.** The project includes activities focused on ensuring that civil servant women have equal access to training programs offered by the project to increase their access to managerial positions. In addition, the project will promote the participation of women in citizen engagement mechanisms and initiatives supported by project financing.

(iii) Grievance Redress Mechanisms

80. Communities and individuals who believe that they have been adversely affected by a WB-supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service. This Service ensures that complaints received are promptly reviewed to address project-related concerns. Project-affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the WB's corporate Grievance Redress Service, access <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the WB Inspection Panel,



please visit www.inspectionpanel.org.

V. KEY RISKS

81. **The overall risk rating for the proposed operation is High given the risks below that could impact the achievement of the PDO.** All High and Substantial risks are discussed in the following paragraphs.

82. **Political and Governance Risk is High.** Lack of progress in the security situation in the north and the recent recurrence of violence further south toward the center of the country could distract the Government's attention and divert resources from its recovery and development agenda. The Government's security apparatus has so far been unable to counter the situation and there is a risk of a growing divide within Mali's population (recurring protests in Bamako, increasing levels of crime in general), exacerbated by the forthcoming legislative elections, expected in June 2019. The proposed project does not include any direct measures to mitigate such risks; however, as it intends to increase the availability and management of resources in CTs, it may help to generate goodwill in local communities.

83. **Macroeconomic Risk is Substantial.** Mali's fiscal situation and management have remained sound over the past years, boosted by the stabilizing effect of membership in the West African Economic and Monetary Union and recent public financial management reforms. Increasing oil prices and a further drop in gold prices have the potential to affect fiscal accounts adversely. Climate shocks could also aggravate the situation. Fiscal buffers are limited and should such risks materialize, they could reduce central government and LG availability of financing. The proposed project does not specifically address those risks, but improvements in the use of resources at the local level expected to be generated by the project could help in mitigating the risk of reduced availability of financing.

84. **Sector Strategy and Policy Risk is High.** Decentralization has been high on the Government's agenda since 2005 but progress has been mixed, given the limited capacity at the local level and poor coordination between national and local governments. To mitigate these risks, implementation activities will be informed by the political economy analysis underway which should be completed in June 2019. In addition, the proposed project has included in its design activities to increase the capacity of LGs (in planning and budgeting, procurement, and budget execution). ANICT plays an important role in the government's decentralization agenda but suffers from weaknesses, such as long delays in notifying LGs about their allocations. To mitigate this risk, the project will provide support to strengthen ANICT. The proposed project will also coordinate activities with the DPO under preparation to ensure policy dialogue includes ANICT.

85. **Institutional Capacity for Implementation and Sustainability is High.** The project involves multiple beneficiaries at the central and local levels, which will demand a high degree of coordination. Thus, the proposed project will have a PCU to coordinate all the players. Capacity of the central and local governments to implement the project is limited. Thus, the project will include technical assistance to foster more efficient implementation. Each project component will include activities related to training (including on-the-job training), to contribute to improved skills of technical and administrative staff to implement project activities and related reforms. Finally, the Bank will provide close monitoring of the work of the implementation team and technical assistance when appropriate.

86. **Fiduciary Risk is Substantial.** Based on the experience from other IDA-funded projects executed in Mali, the capacity to implement externally funded projects has been low, given the delays experienced in Procurement, and thus the fiduciary risk rated as Substantial. To mitigate this risk, the PCU which will be established will be reinforced by the recruitment of experienced fiduciary experts.



87. **Other Risks: Security Risk is High.** Outcomes of the forthcoming elections on the security environment remain unknown and fragility is likely to remain given the various factions across the country. However, because of its focus on deployment of state resources for better service delivery at the local level, the project will address some of the fragility drivers which can contribute to addressing the security situation. In addition, the project through its accountability subcomponent, will foster relations with local networks of nongovernmental and civil society organizations that could become partners in monitoring and evaluating project interventions in their respective geographical areas.

88. **In addition, there is a risk that the proposed initiative to increase the number of regions, counties, and communes will dilute the achievements of the project.** To respond to this risk, the project will focus on the lowest levels of local governments (the communes), where the impact of the administrative change should be relatively minor, and the project includes an element of flexibility that will enable it to respond in the event of the reconfiguration.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Mali

Mali Deployment of State Resources for Better Service Delivery

Project Development Objectives(s)

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

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Availability of resources to LGs							
The percentage of central government budget tranferred to LGs (Percentage)	DLI 2	19.77	21.30	23.00	25.00	28.00	30.00
Timeliness of availability of allocated resources to LGs							
Time it takes for the payment of LG expenditures t oservice centers and other service providers (Days)		180.00	180.00	90.00	90.00	90.00	90.00
Availability, timeliness and use of resources in education and health							
The percentage of public primary schools operational 30 days after the start of the school year in participating LGs (Percentage)	DLI 5	0.00	30.00	40.00	50.00		60.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
The percentage of health infrastructures (SCCom) with an average score for the quality of facility (based on a checklist) of 70 percent in participating LGs (Percentage)	DLI 4	0.00	30.00	40.00	50.00		60.00
Improved management of funds and accountability at the local level							
The number of communes with functional CDQs/Vs providing regular community feedback to LGs and/or DGCT (Number)		0.00	14.00	25.00	50.00	75.00	100.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 2 : Strengthening institutions and capacity for inclusive and accountable local governance							
Functioning CGS in participating LGs (Percentage)		15.00	25.00	50.00	75.00	80.00	80.00
Functioning ASACO in participating LGs (Percentage)		25.00	35.00	45.00	55.00	75.00	90.00
Time it takes to notify LGs of their budget allocation from the approval of the national budget (Days)		180.00	90.00	30.00	20.00	15.00	15.00
Execution of training plan for LG elected officials		0.00	50.00	80.00	80.00	80.00	80.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
(Percentage)							
Of which percentage of female elected officials trained (Percentage)	0.00	10.00	10.00	15.00	15.00	15.00	15.00
Execution of training plan for LG staff (Percentage)	0.00	50.00	80.00	80.00	80.00	80.00	80.00
Of which percentage of female LG staff trained (Percentage)	0.00	10.00	15.00	20.00	25.00	25.00	25.00
Communes that meet the conditions for access to performance-based grants in participating LGs (Number)	0.00	14.00	25.00	40.00	60.00	75.00	75.00
Submitted LG management accounts reviewed and judged by SC-CS (Percentage)	3.00	5.00	8.00	10.00	15.00	15.00	15.00
LG management accounts audited by the BVG annually (Number)	2.00	2.00	30.00	30.00	30.00	30.00	30.00
Reported grievances related to LG that are addressed in a timely manner (Percentage)	0.00	10.00	25.00	35.00	50.00	60.00	60.00
Female participation in CDQs/Vs in selected LGs (Percentage)	20.00	25.00	35.00	45.00	50.00	50.00	50.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
The percentage of central government budget tranferred to LGs	This indicator measures the level of intergovernmental transfers being made available to local governments.	Annual	Annual national budget and audited National Budget Execution Report	MEF database	MEF
Time it takes for the payment of LG expenditures t oservice centers and other service providers	This indicator measures the timeliness of payment of LG expenditures by the Treasury from the mandate of payment from LGs. The indicator will be an annual average for the 107 participating communes.	Annual	MEF/Treasur y	LG system and COLOC (Treasury system)	MEF/Treasury
The percentage of public primary schools operational 30 days after the start of the school year in participating LGs	This indicator measures the percentage of schools in participating LGs with operational schools (operational includes present educators and educational materials) 30 days after the start of the school year.	Annual	M&E reports	Base OISE	DGCT
The percentage of health infrastructures (SCCom) with an average score for the	This indicator measures the quality of care in the	Quarterly	Regional Health	Database from the regional health	Regional Health



quality of facility (based on a checklist) of 70 percent in participating LGs	community health centers in participating LGs. The quality of care indicator is a checklist that includes indicators such as the availability of doctors/nurses, equipment, cleanness of facility, medicine, etc.		Directorate	Directorate	Directorate
The number of communes with functional CDQs/Vs providing regular community feedback to LGs and/or DGCT	This indicator measures citizen participation by measuring the number of communes with functional citizen engagement entities (CDQs/Vs) providing regular community feedback to LGs and/or DGCT.	Annual	DGCT Annual report	Base OISE (DGCT)	DGCT

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Functioning CGS in participating LGs	This indicator measures the percentage of functional CGS for school management in participating LGs. The definition of a functional CGS has been defined by the Ministry of Education and will be available in the CGS operational manual.	Annual	LGs/Min Education	Database	LGs/Min Education



Functioning ASACO in participating LGs	This indicator measures the percentage of functional ASACO for community health center management in participating LGs. The definition of a functional ASACO has been defined by the Ministry of Health and will be available in the ASACO operational manual.	Annual	LG/Min Health	Database	LG/Min Health
Time it takes to notify LGs of their budget allocation from the approval of the national budget	This indicator measures the timeliness of notification of their allocation to LGs. It measures the time between the approval of the national budget and the notification to LGs of their final annual budget allocation.	Annual	ANICT/LG	ANICT database and LG survey	ANICT
Execution of training plan for LG elected officials	This indicator will measure the annual execution rate of the training plan for LG elected officials.	Annual	CFCT	Comparison of actual and projected plans and elected officials trained	CFCT/DGCT
Of which percentage of female elected officials trained	This indicator measures the percentage of female elected officials trained as part of the training of elected officials.	Annual	CFCT	Proportion of male and female elected officials trained	CFCT/DGCT
Execution of training plan for LG staff	This indicator will measure the annual execution rate of the training plan for LG staff.	Annual	CFCT	Comparison of planned and actual LG staff trained	CFCT/DGCT



Of which percentage of female LG staff trained	This indicator measures the percentage of female LG staff trained as part of the training of LG staff.	Annual	CFCT	Proportion of male and female staff trained	CFCT/DGCT
Communes that meet the conditions for access to performance-based grants in participating LGs	This indicator measures the number of LGs that have access to performance-based grants through the FNACT/ANICT	Annual	ANICT Annual Report	ANICT database	ANICT
Submitted LG management accounts reviewed and judged by SC-CS	This indicator measure the coverage of CS-CS in reviewing and judging LG management accounts annually.	Annual	CS-CS	LG management accounts reviewed and judged by CS-SC	CS-SC
LG management accounts audited by the BVG annually	This indicator measures the number of LG management accounts audited by the BVG annually.	Annual	BVG	Number of LG audit reports available annually	BVG
Reported grievances related to LG that are addressed in a timely manner	This indicator measures the percentage of grievances related to LGs that are reported by the call center and addressed by relevant stakeholders/services. The timeframe to address grievances will be defined in the DGCT and LG operating manuals.	Annual	Call center report	Call center database	DGCT
Female participation in CDQs/Vs in selected LGs	This indicator measures the level of participation and social inclusion of female in decision-making committees	Annual	DGCT (OISE database)	OISE database as part of performance monitoring of LGs	DGCT



	at the LG level.				
Disbursement Linked Indicators Matrix					
DLI 1	Selection of participation of LGs (prior results)				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount	
Output	Yes	Text	2.30		
Period	Value		Allocated Amount (USD)	Formula	
Baseline	None				
Year 1			2.30		
Year 2			0.00		
Year 3			0.00		
Year 4			0.00		
Year 5			0.00		
DLI 2	Support the transfer of resources to LGs measured by percentage of budgetary revenue transferred to LGs				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount	
Output	Yes	Percentage	11.50	34.45	
Period	Value		Allocated Amount (USD)	Formula	
Baseline	19.77				



Year 1	21.30		2.30	
Year 2	23.00		2.30	
Year 3	25.00		2.30	
Year 4	28.00		2.30	
Year 5	30.00		2.30	
DLI 3	Support the timeliness of availability of resources to LGs measure d by the time it takes for the payment of LG expenditures to service centers and other service providers in participating LGs			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Days	3.68	
Period	Value		Allocated Amount (USD)	Formula
Baseline	180.00			
Year 1			0.00	
Year 2	90.00		0.92	
Year 3	90.00		0.92	
Year 4	90.00		0.92	
Year 5	90.00		0.92	



DLI 4	Support better service delivery in health at the local level			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	7.35	20.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	None			
Year 1	Signed mutual assistance contract with ASACO in 25 participating communes		0.69	
Year 2	Signed mutual assistance contract with ASACO in 75 remaining participating communes		2.07	
Year 3	75% of amounts budgeted in participating LGs budgets for ASACO with signed mutual assistance contracts have been transferred		1.38	
Year 4	Average score of the quality of faculty (based on a checklist) in participating LGs of 70%		1.84	
Year 5	Average score of the quality of facility (based on a checklist) in participating LGs of 70%		1.38	
DLI 5	Support to better service delivery in education at the local level			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	7.35	20.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	None			



Year 1	Signed management contract with CGS of public primary schools in 25 participating communes	0.69	
Year 2	Signed management contract with CGS of public primary schools in 75 remaining participating communes	2.07	
Year 3	75% of amounts budgeted in participating CTs budgets for CGS with management contracts have been transferred	1.84	
Year 4	50% of public primary schools operational 30 days after the start of the schools year in participating LGs	1.38	
Year 5	60% of public primary schools operational 30 days after the start of the schools year in participating LGs	1.38	

Verification Protocol Table: Disbursement Linked Indicators

DLI 1	Selection of participation of LGs (prior results)
Description	This DLI ensures that MATD has officially formalized the selection of communes receiving TA from the project by the adoption of a ministerial text.
Data source/ Agency	MATD
Verification Entity	Bank
Procedure	Verify the adoption of a ministerial text for the selection of participating communes.



DLI 2	Support the transfer of resources to LGs measured by percentage of budgetary revenue transferred to LGs
Description	This DLI measures the budgeted transfers to LGs on the national budget (including conditional and unconditional transfers).
Data source/ Agency	MEF
Verification Entity	Contracted independent third-party verifier
Procedure	Verify that the budgeted transfers to LGs on the national budget (including conditional and unconditional transfers) and that the actual provisional transfers at the end of the year presented as execution in the finance law of the following year falls within a defined percentage of budgeted transfers as defined in the PIM.
DLI 3	Support the timeliness of availability of resources to LGs measure d by the time it takes for the payment of LG expenditures to service centers and other service providers in participating LGs
Description	This DLI measures the time it takes for Treasury to pay LG expenditures.
Data source/ Agency	MEF
Verification Entity	Contracted third-party verifier
Procedure	Verify average time Treasury takes to pay LG expenditures for participating communes in the budgetary management system of the communes and the Treasury system (COLOC). The time is from the submission of the expenditure in the system to its payment to the supplier or service center.
DLI 4	Support better service delivery in health at the local level
Description	This DLI will measure the establishment of the system to ensure community health centers receive funding from the communes and use those funds to improve the quality of care in participating communes.
Data source/ Agency	LG/MEF/ASACOs/Regional Health Directorates
Verification Entity	Contracted independent third-party verifier
Procedure	The first two years, the verification will consist of ensuring that the mutual assistance contracts between ASACOs and LGs are signed in the participating communes. The third year, the verification will consist of verifying that 75% of the



	amounts budgeted in the LG budgets for transfers to ASACOs in the participating communes have really been transferred to ASACOs. Finally, the last two years, the verification will consist of verifying that in the participating communes, the average score of the quality of care checklist administered by the Regional Health Directorate is at least 70%.
DLI 5	Support to better service delivery in education at the local level
Description	This DLI will measure the establishment of the system to ensure schools receive funding from the communes and use those funds to improve the quality of educational services in participating communes.
Data source/ Agency	LGs/MEF/CGS
Verification Entity	Contracted independent third-party verifier
Procedure	The first two years, the verification will consist of ensuring that management contracts between CGS and LGs are signed in participating communes. The third year, the verification will consist of verifying that 75% of the amounts budgeted in the LG budgets for transfers to CGSs in the participating communes have really been transferred to CGSs. Finally, the last two years, the verification will consist of verifying that in the selected communes, at least 50% in year 4 and 60% in year 5 of schools are operational (with qualified teachers and educational materials) 30 days after the start of the schools year.



Annex 1. Implementation Arrangements and Support Plan

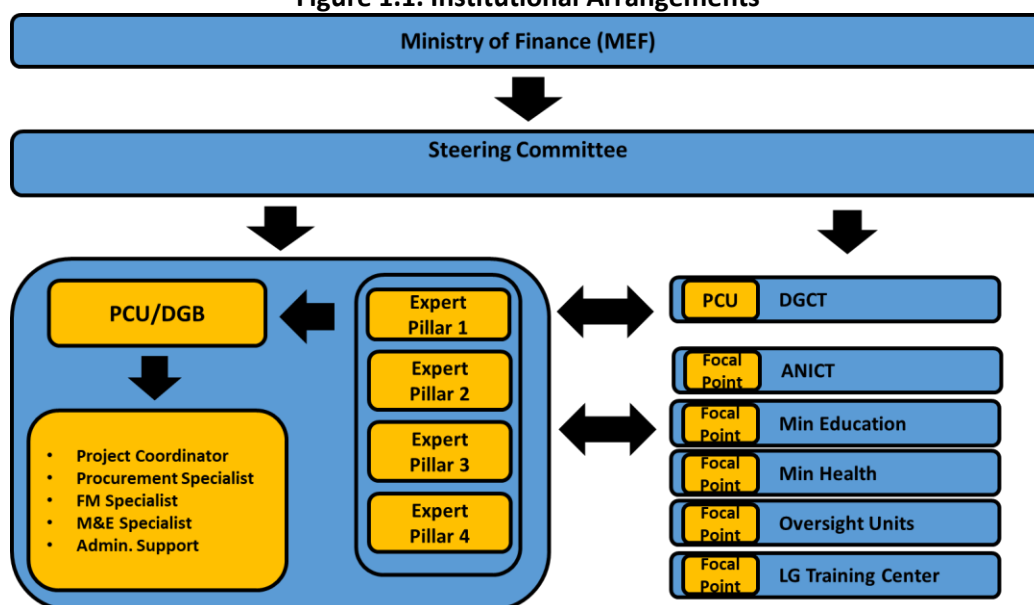
COUNTRY: Mali

Mali Fiscal Decentralization for Better Service Delivery

1. The project will be coordinated by a **Steering Committee** headed by the **Ministry of Economy and Finance (MEF)** with support of the **Ministry of Land Administration and Decentralization (MATD)**. It will be composed of representatives of targeted ministries, including implementing agencies in charge of executing project activities and commune representatives through “Association faîtière” (Association of LGs). This committee will review and approve the annual work program and budget of the project as well as ensuring coordination across sectors during implementation of the project. The Steering Committee will also provide strategic and technical guidance and will participate in the evaluation of the progress of the project.

2. The **Project Coordination Unit (PCU)** in MEF will be staffed by a **multidisciplinary team**, including a Project Coordinator, experts responsible for component implementation, a Financial Management (FM) Specialist, two Accountants, a Procurement Specialist, an internal auditor, a Monitoring and Evaluation (M&E) specialist, and one administrative assistant. On the side of the General Directorate of Local governments (DGCT), a sub-coordination unit composed of dedicated experts, including at a minimum an M&E specialist to support the evaluation of commune’s performance, a communications specialist, a planning specialist, and a Fiscal Affairs Specialist will be added. Day-to-day project coordination, implementation, and management will be handled by the PCU reporting to the Steering Committee. The recruitment of PCU staff will be supported through the Project Preparation Advance (PPA)¹⁵ and the staff will be recruited before effectiveness date. The manager/expert positions will target experienced people with proven credentials in the areas covered and familiar with project and donor procedures. The performance of project management will be evaluated annually.

Figure 1.1. Institutional Arrangements



¹⁵ The PPA for USD\$800,000 was signed and became effective on April 10, 2019.



Financial Management (FM)

3. **An FM assessment of the implementing entity (MEF) was conducted in October 2018.** The objective of the assessment was to determine whether the PCU maintains acceptable FM arrangements to manage the proposed project and to ensure that the International Development Association (IDA) project proceeds would be used only for the intended purposes, with due attention to economy and efficiency. The assessment complied with the Bank Directive Financial Management Manual for World Investment Project Financing Operations effective March 1, 2010 and as last revised on February 10, 2017.

4. The main findings of this assessment are similar to those outlined in the most recent Public Expenditure and Financial Accountability (PEFA II) assessment and other public financial management reports, which revealed that despite the apparent strong policy and legislative frameworks and systems including detailed procedures for procurement and financial management, the Government is still struggling with compliance and effective implementation. Compliance with internal control rules needs to be improved. The assessment revealed that the MEF does not have sufficient FM capacity to meet Bank requirements. The assessment concluded that, the FM arrangements based on national FM procedures as applied by MEF are not adequate to handle the project activities following Bank procedures. The MEF faces some capacity constraints in the areas of FM human resources and the computerized system for financial reporting.

5. The overall fiduciary risk rating is assessed as Substantial and mitigation measures proposed (see Table 1.1) will strengthen the internal control environment and maintain the continuous timeliness and reliability of information produced by the PCU and an adequate segregation of duties.

Table 1.1. FM Risk Assessment and Mitigation

Risk	Risk Rating	Risk-Mitigating Measures Incorporated in Project Design	Residual Risk
Inherent risk	H		H
Country level The Public Expenditure and Financial Accountability (PEFA II), undertaken in 2016, has highlighted several areas of strengths.	H	The Government is committed to a reform program to modernize public financial management and budget processes, with a program established in January 2018. However, it will take time for these reforms to substantially improve the management of public funds.	H
Entity level The FM capacity assessment of DFM during project preparation revealed internal control weaknesses and a weak fiduciary environment, mainly as a weak compliance with the rules and policies in place.	H	MEF's DFM is not familiar with IDA FM procedures. The FM procedures manual will be prepared before effectiveness; additional FM staff familiar with the Bank FM procedures will be recruited to form the FM team of the PCU; the internal audit function will be strengthened; and accounting software will be installed.	S
Project level Project resources may not be used for the intended purposes. Delays in the reporting system and auditing arising from the additional workload for, and the weak capacity of, the FM team, are expected. The numerous stakeholders could adversely impact implementation of the project.	S	Current FM arrangements are not adequate to manage the project. For efficiency, the RAF will strengthen ex-ante and ex-post control of funds allocated to partner implementing organizations. The scope of audit will include review of expenditures incurred by implementing entities. Additional FM staff (FM Specialist and accountants) will be recruited based on terms of Reference (ToR) acceptable to IDA to train and	S



Risk	Risk Rating	Risk-Mitigating Measures Incorporated in Project Design	Residual Risk
Other concerns are the weakness of the M&E system to support the payment of cash grants and the weak capacity of regional and rural entities.		advise FM staff. Specific measures are incorporated in the project design to ensure smooth implementation and mitigate related risks, including governance actions.	
Control Risk	S		S
Budgeting: (a) Weak capacity to prepare and submit accurate work program and budget; (b) weak budgetary execution and control; (c) delays in preparing the budget; (d) unreliable lack of comprehensiveness of budget; and (e) cost overrun or underrun and reasons not detected in timely manner.	S	Annual work plan and budget (AWPB) required each year and proclaimed. AWPB reviewed and approved by Steering Committee (SC). The Project Financial Procedures Manual will define the arrangements for budgeting, budgetary control, and requirements for budgeting revisions. Interim Financial Reports (IFRs) will provide information on budgetary execution and analysis of variances between actual and budget.	M
Accounting: Poor policies and procedures; lack of qualified accountant staff (staff capacity); no familiarity with SYSCOAHAHA (the assigned accounting system in West African Francophone countries).	S	FM aspects handled by the FM team of the PCU: (a) the project will adopt the SYSCOAHAHA accounting system, and accounting procedures will be documented in the procedures manual; (b) the FM team headed by a RAF will be strengthened by individual consultants recruited competitively; and (c) training on IDA FM procedures will be provided to the staff as needed.	M
Internal control Internal control system may be weak because of weak FM capacity of the team; or the current FM procedures may not be sufficient for this project. The lack of a procedures manual may lead to inappropriate use of the funds and delays in financial reporting. The Steering Committee may not be effective.	H	(a) Prepare the FM procedures manual and training on the use of the manual. (b) Outsource the internal audit function to a consultant who will scrutinize the proclaimed accounting, financial, and operational procedures. The Internal Auditor will report to the Coordinator and share the report with the Steering Committee.	S
Funds flow (a) Risk of misuse of funds and delays in disbursements of funds to internal auditor and beneficiaries; (b) inefficient use of the funds; (c) risks of delay in the utilization of advances; (d) and risks of delays in the justification of the use of advance made to internal auditor.	H	(a) In line with the FM manual, payment requests are to be prepared prior to disbursement of funds to contractors or consultants and implementing entities. (b) The ToR of the internal auditor as well as the external auditors include regular field visits (physical verifications of works, goods, and services acquired).	S
Financial reporting (a) Inaccurate or delayed submission of Interim Financial Reports. (b) Workload leading to some delays in recording of expenditures as well as preparation of periodic financial reports.	S	(a) A computerized accounting system will be used (for example, multi-projects and multi-sites). (b) Interim Financial Reports and financial statement formats have been agreed at project negotiations and will be added to the PIM.	M
Auditing (a) Delays in submission of audit report. (b) Scope of the mission may not cover expenditures incurred at decentralized level. (c) Internal auditor and other auditors selected may not be acceptable to IDA or may not	S	(a) Project's institutional arrangements allow the appointment of adequate external auditors. ToR (to be discussed before the EoI are advertised) will include required field visits and specific reports on finding physical controls of goods, services, and works acquired by internal auditor and beneficiaries. (b) Annual	S



Risk	Risk Rating	Risk-Mitigating Measures Incorporated in Project Design	Residual Risk
conduct their assignments professionally.		auditing arrangements will be conducted during project implementation period. (c) Audit due dates will be closely monitored by Bank FM team.	
Fraud and corruption Possibility of circumventing the internal control system with colluding practices such as bribes or abuse of administrative positions. Misprocurement is a critical issue.	S	(a) ToR of external auditor will include a specific chapter on corruption auditing. (b) Internal auditor will report to the Steering Committee. (c) Copies of the internal audit reports will be submitted to the Bank. (d) Measures to improve transparency, such as providing information on project status to the public; and to encourage participation of civil society, beneficiaries, and other stakeholders are built into project design (see subsequent paragraph on Governance).	S
OVERALL FM RISK			S

6. It is expected that the financial management will satisfy the Bank's minimum requirements once mitigation measures have been implemented. Table 1.2 summarizes an FM Action Plan to enhance the FM arrangements for the project.

Table 1.2. FM Action Plan

Action	Responsible Party	Deadline and Conditionality
1- Produce Implementation Manual including fiduciary procedures	PCU	Before effectiveness
2- Recruit a Financial Management Specialist with qualifications and experience satisfactory for the Bank		Before effectiveness
3- Recruit two accountants and one administrative assistant with qualifications and experience satisfactory for the Bank		Before effectiveness
4- Purchase and customize accounting software reflecting the new project component		After effectiveness
5- Recruit internal auditor		After effectiveness
6- Recruit an external auditor		After effectiveness

7. **Internal control system.** The internal control system comprises (a) a Steering Committee to oversee project activities; (b) a Project Implementation Manual including Administrative, Financial, Procurement, and Accounting Procedures to reflect project requirements by effectiveness; and (c) an internal audit function to conduct ex-post reviews and physical verifications on quarterly basis (and as needed), and to evaluate the performance of the overall internal control system.

8. **Planning and budgeting.** The PCU will prepare a detailed annual work plan and budget (AWPB), to be approved by the project Steering Committee. The PCU will submit the approved AWPB to the Bank no later than November 30, before the year when the work plan should be implemented.

9. **Accounting.** SYSCOHADA, the assigned accounting system in West African Francophone countries, will be applicable. The project accounting software will be customized to host project bookkeeping.

10. **An assessment of the EEP was undertaken to ensure expenditures can be executed effectively to**



achieve projected results. The eligible expenditures for project financing comprising wages and salaries, as well as operating costs related to LGs and central government agencies involved in decentralization—particularly the National Local Government Investment Agency (ANICT)—are reflected in the National budget. The latest PEFA indicates that payroll information for civil servants are connected to the HR system with a monthly reconciliation between the two systems and that controls exist in order to ensure adequacy of payroll expenditures. Similarly, controls exist, through financial comptrollers, for non-payroll expenditures to ensure adequacy of expenditures.

11. **Financial reporting.** Every quarter, the PCU will submit an IFR to the Bank within 45 days after the end of the calendar quarter period. The IFRs should provide sufficient pertinent information for a reader to establish whether (a) funds disbursed to the project are being used for the intended purpose, (b) project implementation is on track, and (c) budgeted costs will not be exceeded. The PCU will use the IFR format of ongoing IDA-funded projects.

12. Annually, the PCU will prepare Project Annual Financial Statements, which will comply with SYSCOHADA and World Bank requirements.

13. **Auditing.** The PCU will submit Audited Project Financial Statements satisfactory to the World Bank every year within six months after closure of the fiscal year. A single opinion on the Audited Project Financial Statements in compliance with International Federation of Accountants will be required. In addition, a Management Letter will be required, containing auditor observations, comments, and recommendations for improvement in accounting records, systems, controls, and compliance with financial covenants in the Financial Agreement. The PCU will recruit a technically competent and independent auditor acceptable to the World Bank within six months after the project effective date. The recruitment for the external audit of the financial statements of the project should be done through ToR agreed by IDA.

Table 1.3. Audit Reports

Audit Report	Due Date
Project audit reports (audit report and management letter)	<ul style="list-style-type: none">• Not later than June 30 (Year N) if effectiveness has occurred before June 30 (Year N-1).• Not later than June 30 (N+1) if effectiveness has occurred after June 30, (N-1)

14. **Disclosure of the audited financial statements.** In line with the Bank's access to information policy, the project will comply with the World Bank disclosure policy of audit reports (i.e., make publicly available in a manner acceptable to the World Bank promptly after receipt of all final financial audit reports).

Disbursement Arrangements

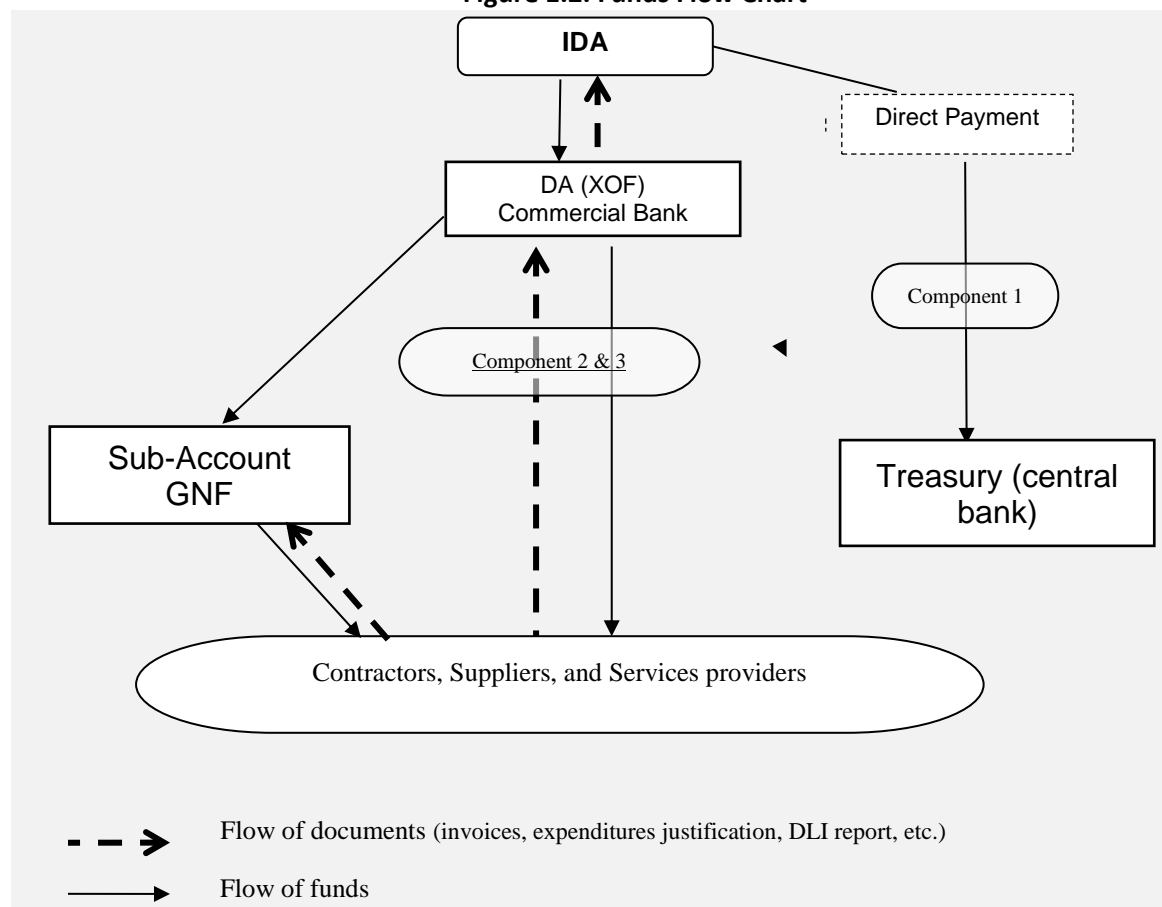
15. Disbursements under this project will be conducted in accordance with the provisions of the Disbursement Guidelines for Investment Project Financing dated February 2017, the Disbursement and Financial Information Letter, and the Financing Agreement.

16. The project will finance 100 percent of eligible expenditures inclusive of taxes. Disbursement will be report-based for Component 1, funds will be disbursed conditional on the satisfactory achievement of the Disbursement-Linked Indicators (DLIs) and verification of the Eligible Expenditure Programs (EEPs). Achievement of DLIs will be assessed through a DLI achievement assessment report provided by the PCU (on the basis of the DLI monitoring protocol). The DLIs will be applied, following an IDA No Objection, on the assessment of these reports, against reimbursement of non-procurable expenditure line items related to salaries and benefits. The PCU will recruit a consultant (acceptable to IDA) to perform a review of the assessment report prior to the



payment. The PCU will also recruit an independent verification agency to audit the EEP. Disbursement under component 2 and 3 (no-DLIs activities) will be transactions-based. A Designated Account (DA) will be opened in a commercial bank under terms and conditions acceptable to IDA. An initial advance up to the ceiling of the DA (included in the Disbursement Letter) will be made and subsequent disbursements will be made against submission of Statements of Expenditures reporting on the use of the initial/previous advance. The other methods of disbursing the funds (reimbursement, direct payment, and special commitment) will also be available to the project. The minimum value of applications for these methods is 20 percent of the DA ceiling. The project will sign and submit Withdrawal Applications electronically using the eDisbursement module accessible from the Bank's Client Connection website.

Figure 1.2. Funds Flow Chart



Implementation Support Plan

17. On the basis of the FM risk assessment the following implementation support plan is proposed to ensure the project maintains a satisfactory FM system throughout its life.

Table 1.4. FM Implementation Support Plan

FM Activity	Frequency
Desk reviews	
IFRs review	Quarterly
Audit report review of the program	Annually



Review of other relevant information such as interim internal control systems reports	Continuous as they become available
On-site visits	
Review of overall operation of the FM system (Implementation Support Mission)	Biannually
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audits, and other reports	As needed
Transaction reviews	As needed
Capacity-building support	
FM training sessions	During implementation and as and when needed

Governance

18. The risk of irregularities and corruption in project activities is substantial given the country context and the stakeholders involved. In addition, the lack of appropriate or effective oversight mechanisms could jeopardize project implementation. A strong fiduciary arrangement has been designed and put in place to mitigate these risks; measures to improve transparency have been incorporated including providing information on the project status (publication of the project audit reports and project audited financial statements on its website), and recruitment of a dedicated FM specialist familiar with Bank FM procedures and an internal auditor.

Procurement

19. The recipients will conduct procurement under the proposed project in accordance with the World Bank's "Procurement Regulations for Investment Project Financing (IPF) Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018 under the "New Procurement Framework and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants," dated October 15, 2006 and revised in January 2011 and as of July 1, 2016. In addition, procurement arrangements will draw on the Bank Guidance on Procurement Procedures in Situations of Urgent Need of Assistance or Capacity Constraints issued on July 1, 2016 (see paragraph 29 below for more information).

20. All procuring entities as well as bidders and service providers (i.e., suppliers, contractors, and consultants) are required to observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraph 3.32 and Annex IV of the Procurement Regulations.

21. Procurement activities at the central level will be implemented by the PCU management unit whose members have experience implementing projects financed by the World Bank. The PCU management unit will be in charge of all consultant selections and all procurement of large, complex, and/or pooled procurement across beneficiaries.

22. The recipients shall prepare and submit to the Bank a General Procurement Notice, and the Bank will arrange for its publication on United Nations Development Business (UNDB) website and on the Bank's external website. The recipients may also publish it in at least one national newspaper.

23. The recipients shall publish the Specific Procurement Notices (SPNs) for all goods, works, non-consulting services, and the Requests for Expressions of Interest on their free-access websites, if available, and in at least one newspaper of national circulation in the borrower's country and in the official gazette. For open international



procurement selection of consultants using an international shortlist, the borrower shall also publish the SPN in UNDB online and, if possible, in an international newspaper of wide circulation, and the Bank will simultaneously publish it on its external website.

24. A PCU will be created and housed at the MEF. The PCU will be responsible for project planning, financial and procurement management, M&E, and internal auditing. The Project Coordinator will be responsible for decision-making during the procurement process. A Procurement Specialist proficient in World Bank Procurement procedures and a Procurement Assistant will be recruited to support the implementation of the project.

25. **Filing and recordkeeping.** The Procurement Procedures Manual will set out detailed procedures for maintaining and providing readily available access to project procurement records, in compliance with the Loan Agreement. The PCU will assign one person responsible for maintaining the records. The logbook of the contracts with unique numbering system shall be maintained.

26. The signed contracts as in the logbook shall be reflected in the commitment control system of the borrower's accounting system or books of accounts as commitments whose payments should be updated with reference made to the payment voucher. This will put in place a complete record system whereby the contracts and related payments can be corroborated.

27. **Project Procurement Strategy for Development (PPSD).** As part of the preparation of the project, the borrower (with support from the World Bank) prepared a PPSP which describes how fit-for-purpose procurement activities support project operations for the achievement of project development objectives and deliver value for money. The procurement strategy is linked to the project implementation strategy at the regional, county, and communal levels, ensuring proper sequencing of activities. It considers institutional arrangements for procurement, roles and responsibilities thresholds, procurement methods, prior review, and other requirements for procurement. It also includes a detailed assessment and description of state government capacity for conducting procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues taken into account include behaviors, trends, and capabilities of the market (i.e., a Market Analysis) to inform the procurement plan. The activities also require strong capability to prepare proper technical specifications to avert lack of, or inadequate, market response. This capability—or a plan to enhance it—is considered in the strategy. Special arrangements such as direct contracting; use of Statements of Expenditures; use of United Nations agencies, third-party monitors, local nongovernmental organizations, Force Account, civil servants, results-based arrangements; or the possible need for prequalification will be considered and addressed in the PPSP.

28. The recruitment of civil servants as individual consultants or as part of the team of consulting firms will abide by the provisions of paragraph 3.23 (d) of the Procurement Regulations specified in paragraph.

29. **Special considerations.** Mali is on the WB harmonized list of Fragile and Conflict-affected Situations countries and therefore the project will trigger paragraph 12 of the Policy for Investment Project Financing to apply flexibilities and simplification to facilitate procurement implementation. These procurement arrangements therefore draw on the Bank Guidance on Procurement Procedures in Situations of Urgent Need of Assistance or Capacity Constraints issued on July 1, 2016.

30. **Procurement Plan.** The recipient and the Implementing Agency have prepared a detailed 18-month procurement plan which was agreed by the Governments and the Bank during negotiations. The Procurement



Plan will be updated in agreement with the Bank Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

31. The Implementing Agency will conduct procurement for project needs as included in the Procurement Plan and agreed with the Bank.

32. The scope of procurement will be described in the Project Procurement Strategy for Development and the Procurement Plan agreed by the Bank and summarized below.

33. **Training.** Training activities would include workshops, study tours, conferences, and seminars, based on individual need and group requirements, as well as the hiring of consultants to develop training materials and conduct training. The selection of consultants for training services follows the requirements for selection of consultants above. All training and workshop activities (other than consulting services) would be undertaken on the basis of approved Annual Work Plan/Training Plan that would identify the general framework of training activities for the year, including (a) the type of training or workshop; (b) the personnel to be trained; (c) the institutions that would conduct the training and the reason for selection of this particular institution; (d) the justification for the training (how it would lead to effective performance and implementation of the project and/or sector); (e) the duration of the proposed training; and (f) the cost estimate of the training. Reports by the trainee(s), including completion certificate/diploma upon completion of training, shall be provided to the Project Coordinator and will be kept as part of projects records, and will be shared with the Bank if requested.

34. A detailed training plan specifying the nature of training/workshop, number of trainees/participants, duration, staff months, timing, and estimated cost will be submitted to IDA for review and approval prior to initiating the process. The selection methods will derive from the activity requirement, schedule, and circumstance. After the training, the beneficiaries will be requested to submit a brief report indicating what skills have been acquired and how these will enhance their performance and contribute to the attainment of the project objective.

35. **Operational costs.** Operational costs financed by the project would be incremental expenses, including office supplies, vehicles operation and maintenance cost, maintenance of equipment, communication costs, rental expenses, utilities expenses, consumables, transport and accommodation, per diem, supervision costs, and salaries of locally contracted support staff. Such items/services will be procured using the procurement procedures specified in the Project Implementation Manual (PIM), which shall be prepared by the recipient and agreed with the Bank prior to effectiveness.

36. **Procurement Manual.** Procurement arrangements, roles and responsibilities, methods and requirements shall be elaborated in detail in the Procurement Manual, which will be a section of the PIM.

37. **Procurement methods.** The borrowers will use the procurement methods and market approach in accordance with the Procurement Regulations specified in paragraph 19 above.

38. Open National Market Approach is a competitive bidding procedure normally used for public procurement in the country of the borrower and may be used to procure goods, works, or non-consultant services provided it meets the requirements of paragraphs 5.3 to 5.6 of the Procurement Regulations.

39. The thresholds for particular market approaches and procurement methods, as well as the thresholds for the Bank's prior review requirements are indicated in Table 1.5.



Table 1.5. Thresholds for Procurement Methods, and Prior Review

No	Expenditure Category	Contract (C) Value Threshold* [eq. \$]	Procurement Method	Contracts Subject to Prior Review [eq. US\$]
1	Works	$C \geq 15,000,000$	Open Competition International Market Approach and Direct Contracting	$\geq 10,000,000$
		$200,000 < C < 15,000,000$	Open Competition National Market Approach	None
		$C \leq 200,000$	Request for Quotation (RfQ)	None
2	Goods, IT, and non-consulting services	$C \geq 3,000,000$	Open Competition International Market Approach and Direct Contracting	$\geq 2,000,000$
		$100,000 < C < 3,000,000$	Open Competition National Market Approach	None
		$C \leq 100,000$	RfQ	None
3	National shortlist for selection of consultant firms	$C < 200,000$	for Consulting Services	None
		$C \leq 400,000$	for Engineering and Construction Supervision	None
4	International shortlist for selection of consultant firms	$C \geq 200,000$	for Consulting Services	$\geq 1,000,000$
		$C \geq 400,000$	for Engineering and Construction Supervision	$\geq 1,000,000$
5	Selection of Individual consultants	All Values	All Approaches	$\geq 300,000$
6	Direct contracting	All Values		As agreed in the Procurement Plan
7	Training, Workshops, Study Tours	All Values	Based on approved Annual Work Plan & Budget (AWPB)	AWPB

Note: The thresholds in this Table are for the purposes of the initial procurement plan for the first 18 months. The thresholds will be revised periodically based on reassessment of risks. All contracts not subject to prior review will be post-reviewed.

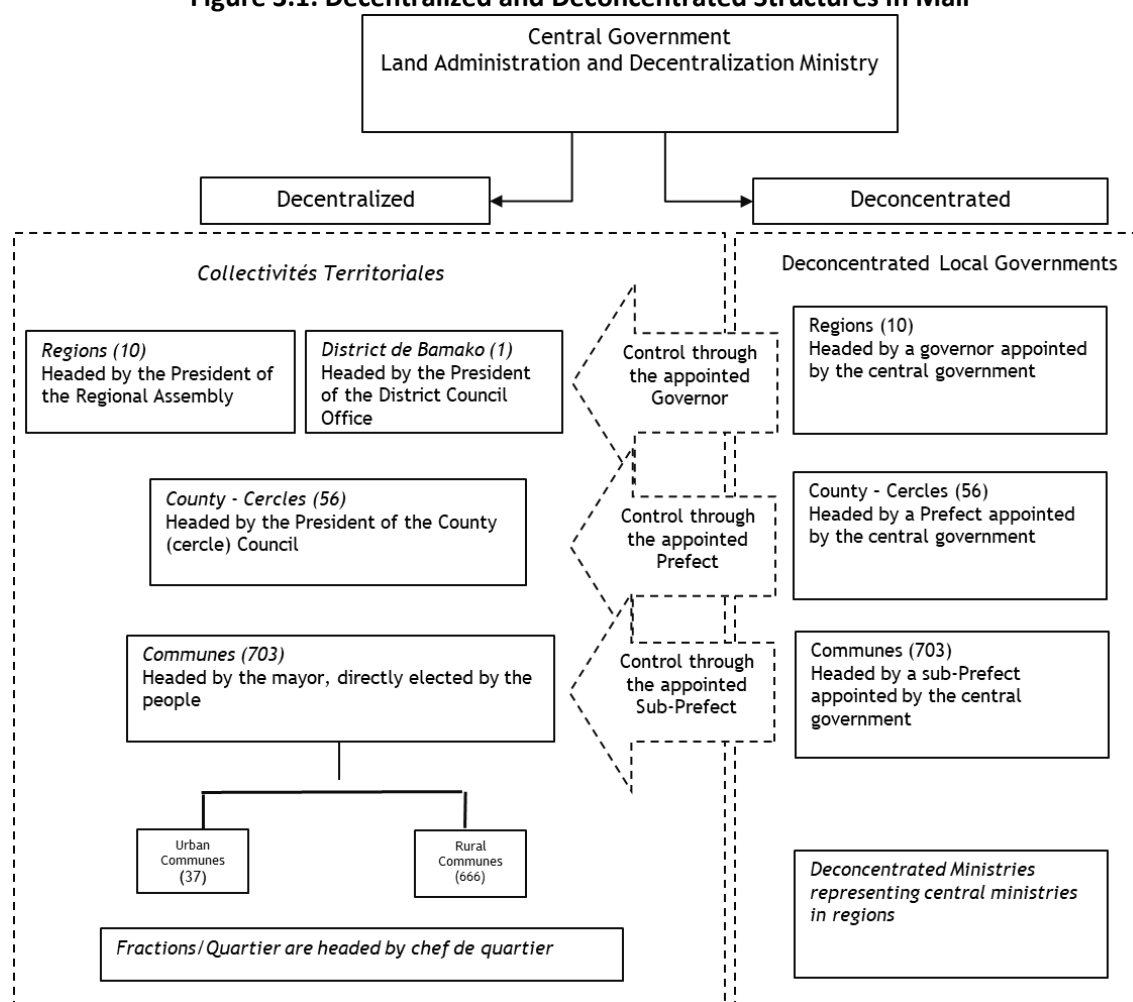
40. **Procurement Risk Rating.** The risk is rated Substantial.



Annex 2. Detailed Sector Context: Decentralization in Mali

1. **The principle of decentralization is enshrined in Mali's 1992 Constitution.** Mali began a process of political and fiscal decentralization in the early 1990s. Over the next decade a series of decrees and laws established the legal framework necessary for the creation and operationalization of decentralized structures. In addition to providing the structure, the legal framework defines the fiscal arrangements regulating resource allocation, transfers, taxes, spending responsibilities, and regional and local borrowing. Mali's government is composed of four levels: the national administration, regions and 1 district, counties (cercles), and communes. The latter three form the local government (LG) authorities. There are 10 regions,¹⁶ the district of Bamako, 56 cercles, and 703 communes. The regions, cercles, and communes are both decentralized and deconcentrated. Each level of government has distinct legal prerogatives and competencies and is administered independently through elected deliberative and executive bodies (see Figure 3.1 below)

Figure 3.1. Decentralized and Deconcentrated Structures in Mali



¹⁶ A draft law has been presented in the Ministers Council that would increase the regions to 20 plus the District of Bamako, with 94 cercles.



2. **Mali's decentralization strategy includes specific objectives to achieve the goals of the 2015 Agreement of Peace and Reconciliation.** These include (a) improve the management of financial, human and material resources in the education and health sectors (pilot sectors); (b) implement transfers of financial, human, and material resources at the municipal-level per decree (in nine sectors transferred competencies were identified by decree, but the associated financial resources have not been transferred); (c) define the details of competencies to be transferred for sectors that do not have decrees and implement the transfer of financial, human, and material resources; and (d) enable the different structures involved in the transfer of competencies to fulfil their roles. To meet these objectives the Government intends to increase transferred resources commensurate with transferred competencies, improve LGs' own resources mobilized from local taxation, and prepare plans for transferring budgetary resources to LGs.

3. **Decentralization represents a steadfast lever of service delivery at the local level to address development, poverty reduction, and stability—but the intention needs to be operationalized.** The commitment to decentralization is enshrined in Mali's 1992 Constitution, which established freedom of administration of LGs as a key principle (Art. 97 and 98). Historically, the objectives of decentralization include fostering democratization and participation by the populace in the management of public affairs; promoting local development by privileging initiatives of relevant civil society actors and the creation of a framework controlled by the local population; and operationalizing the subsidiarity principle of service delivery in priority sectors, such as health, education, and land management. Although decentralization is at the forefront of Mali's political agenda as a safeguard for national unity and territorial integrity, progress is hampered by significant weaknesses, including difficulties in implementing the various decentralization-related laws and decrees (no fewer than 24 were promulgated since 1990) and with managing the devolution of power to local authorities.

4. **The powers devolved to local authorities are exercised under the oversight of the central government.** The laws and decrees pertaining to decentralization devolve competencies in numerous domains from the central administration to LGs. However, LG decisions have historically been subject to substantial prior administrative controls, impeding local self-governance. Oversight of LGs is provided by the central government and its representatives at the local level (see Table 3.1). It consists of a two-fold function of assistance/advice and legality check. Running parallel to the decentralized authorities, deconcentrated agencies of the State—represented by governors in regions, prefects in cercles, and sub-prefects in communes—retain considerable de jure (and even more de facto) authority. This creates significant overlap among decentralized and deconcentrated authorities. Sharing competencies between national and local authorities (see Annex 4. Competencies of Local Governments in Mali) and finding a balance between central supervision and local self-governance are essential for the effective management and implementation of decentralization. Recent legislation, still in the process of being operationalized through decrees, substantially reduces LG activities subject to prior controls.

Table 3.1. Organization of the Oversight of Local Governments

Level where located	Oversight authority	Legality check on	Assists and advises the
National	Minister responsible for local governments (MATD)	Regions and District of Bamako	
Regional and District of Bamako	Governor	Counties	President of the Regional Assembly Regional Assembly President of the District Council Office District Council
County	Prefect	Communes	President of the County Council County Council



Communal	Sub-Prefect	Communes	Mayor Communal Council
<p>Deliberations subject to the prior agreement of the oversight authority:</p> <ul style="list-style-type: none"> • Creation and method of management of regional, county, and communal public services • Personnel management procedures • Local development at the regional, county, and communal levels; land-use plans (communes) • Purchase and sale of government assets • Setting of rates for taxes, levies, and charges • Budgets and budget execution accounts • Loans and guarantees or sureties • Equity investments • Regulations in the area of administrative policing • Internal regulations • Acceptance and refusal of gifts, grants, and legacies • City-twinning projects in cooperation with other Malian or foreign LGs. 			

Source: IMF, 2015, IMF Country Report No. 15/287, p.12.

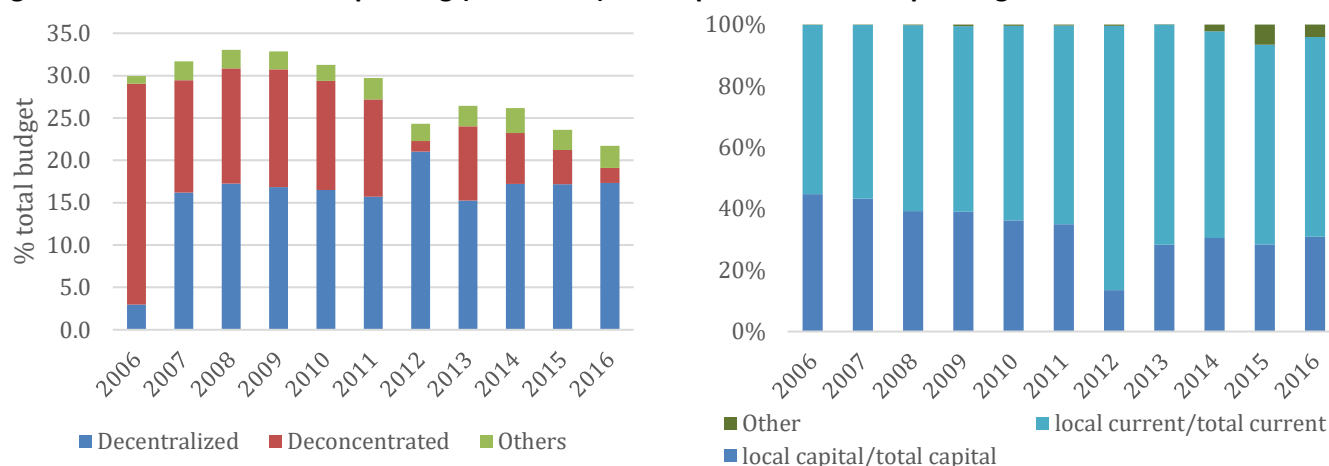
5. **The National Local Government Support Fund (abbreviated as FNACT in French), managed by the National Local Government Investment Agency (abbreviated as ANICT in French), was created in 2000 to contribute to a more equitable allocation of resources among local government.** ANICT is primarily responsible for receiving funds allocated by the central government to FNACT and allocating those funds to local and regional authorities for the realization of their investments (unconditional transfers). To allocate resources, ANICT uses a formula that combines situation criteria (needs of LGs based on their local context) and performance criteria (e.g., sound tax administration by LGs). The Agency ensures equity by taking into account the degree of development of local and regional authorities according to the criteria defined by the Government. This formula is difficult to apply because of data constraints, and it has historically been distorted by geographic and sector targeting of donor contributions. ANICT was severely criticized in several audits conducted between 2009 and 2017, which showed lack of respect for procurement and financial management procedures in local government investments funded through FNACT. In recent years, ANICT has undergone an institutional renewal and is now positioned as one of the Government's instruments in the regionalization strategy, and it is also expected to assist local and regional authorities to deliver local services to their citizens and encourage LGs to increase mobilization of their own financial resources.

Local Government Expenditures

6. **The balance of deconcentrated and decentralized expenditures has shifted, and the trend is expected to continue.** Decentralized spending refers to expenditures directly executed by regional and LGs, including expenditures financed by intergovernmental fiscal transfers and local taxes collected. Deconcentrated spending consists of expenditures executed by the central administration for the benefit of regions or municipalities. The transfer of competencies to LGs led to rapid increases in decentralized expenditures in the last decade. In terms of percentage of GDP, decentralized spending increased from 0.7 percent to 3.6 percent between 2006 and 2016. Most of the increase occurred between 2006 and 2007 with the effectiveness of the decrees transferring responsibilities. By contrast, deconcentrated spending declined significantly over the same period (from 26.1 percent of the total budget in 2006 to 1.8 percent in 2016). Legislation to implement the transfer of deconcentrated service personnel to local governments is under preparation to support the policy of transfer of service delivery mandates. Its implementation would result in another substantial shift in the decentralization of expenditures.



Figure 3.2. Evolution of Local Spending (2006-2016) and Capital vs. Current Spending at the Local Level



Source: Mali BOOST.

7. **Although significant progress has been made in decentralizing recurrent expenditures, capital expenditures have remained highly centralized.** Recurrent spending (salaries and operating expenditures) represent on average 90 percent of decentralized expenditures.

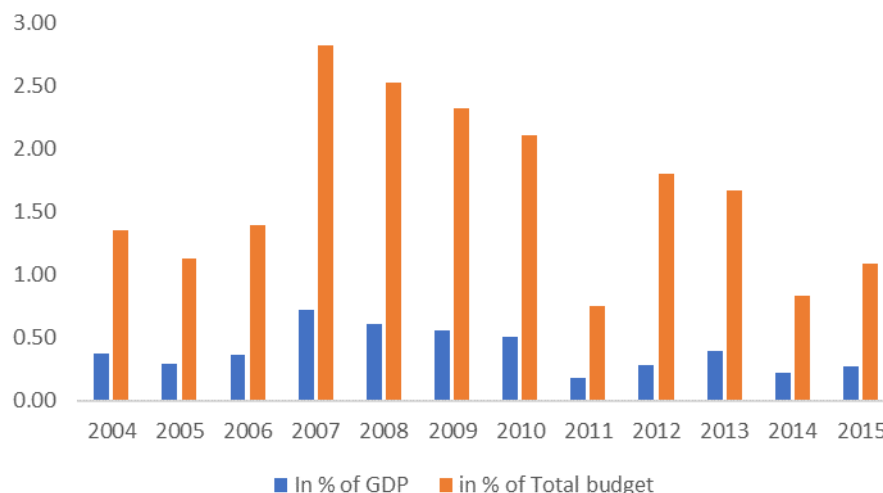
8. **Because of low tax collection at the local level, LGs depend heavily on transfers, which account for more than 80 percent of total local revenue.** LGs have the mandate to raise taxes locally to support their expenditures; however, currently the central government finances most (some 80 percent) of LG expenditures by means of transfers and budgetary allocations paid in compensation for the transferred competencies, as tax revenues collected by LGs are low. Total revenues of LGs increased from 1.7 percent to 2.4 percent of GDP between 2012 and 2016, mainly driven by an increase in transfers and subventions. LG tax revenues represented on average only 0.3 percent of GDP between 2012 and 2016, with nontax revenues accounting for 0.2 percent. However, the Government's goal to achieve 30 percent of budget revenues transferred by 2018 is estimated to have reached only 19.8 percent by the end of 2018, severely impeding the ability of LGs to fulfill their responsibilities and deliver quality services.

Intergovernmental Fiscal Transfers

9. **Intergovernmental transfers are broadly classified into two categories: general purpose (unconditional) and specific purpose (conditional).** General purpose transfers are provided as general budget support, with no strings attached, while specific purpose transfers are intended to provide incentives for LGs to undertake specific programs or activities. Intergovernmental transfers in Mali are mainly conditional with more than 90 percent of intergovernmental transfers allocated to specific purposes, in particular wages and salaries of local civil servants in the education and health sectors and recurrent spending for general LG administration. Unconditional transfers transit through ANICT essentially for investments (investment transfers represents 80 percent of total unconditional transfers). In nominal terms, unconditional transfers transiting through ANICT increased significantly from 2006 to 2016, from Franc Communauté Financière Africaine (FCFA) 13 billion to 33 billion, but they account for less than 0.5 percent of GDP and 3 percent of the total budget (see Figure 3.3). Thus, transfers transiting through ANICT account for only 10 percent of local spending.



Figure 3.3. Intergovernmental Transfers Undertaken through ANICT



Source: ANICT and WB team calculations.

10. **Mali has experience with performance-based grants for local governments and the Government is intending to mainstream the approach as part of the decentralization strategy.** The underlying idea of implementing performance-based grants is to reward good governance, increase service delivery capacity, and support LG accountability to the electorate. In Mali the pilot experience under PACUM (the Urban Local Government Support Project co-financed by the World Bank and Swiss Development Cooperation) focused on developing the institutional underpinnings of improved service delivery. The annual evaluation, conducted by the General Directorate of Local Governments (DGCT), addresses two tiers of performance: (a) base conditions, which, although legal requirements, are not always respected by local governments, such as timely elaboration of budgets through public consultations, audits, and staffing; and (b) the quality of planning, administration, project implementation, budget management, and accountability. Each of the 14 LGs included in the pilot were notified of their grant for the following year, based on the previous year's performance. Grant funds are nonconditional and can be used to fund investments in service delivery, which the LGs are then responsible for implementing, with the assistance of the support structures put in place by the project. Based on several scenarios developed in a study funded by the Belgian Development Cooperation, the option to reserve part of the funds allocated through the FNACT for performance-based grants has been retained by the Government (see Annex 5. Implementing Performance-Based Grants).



Annex 3. Competencies of Local Governments in Mali

1. In 2017, the law No. 2017-051 of October 2, 2017 establishing a code for Local Governments (LGs) modified the initial Law No. 2012-007 of February 7, 2012 establishing the Local Governments Code, Article 22 (communes), Article 97 (counties), and Article 164 (regions). Table 4.1 categorizes the roles and responsibilities devolved to LGs.

2. The first decrees on transfer of service delivery responsibility in the two sectors (education and health) were adopted in 2002, followed by successive policies and laws. With the adoption of the 2017 local government law, communes are now responsible for preschool, basic and non-formal education, vocational training and apprenticeships, as well as health, public hygiene, and sanitation. In the spirit of subsidiarity, the legal framework specifies that service is to be managed by local management structures (Comités de Gestion des Écoles/CGEs, responsible for operating schools, and Associations de Santé Communautaire/ASACO, responsible for operating Centres de Santé Communautaires/ CSCOMs).

Table 4.1. Competencies of Local Governments

A. General competencies		
<ul style="list-style-type: none"> • Budgets and local government accounts • Development programs • Management of land and property and the acquisition of assets • Protection of the environment • Creation and management of local public services and organizations • Works and supply contracts, leases and other agreements 	<ul style="list-style-type: none"> • Local taxation • Loans and grants • Application of the personnel regulations • Twinning projects – cooperation • Acceptance and refusal of gifts and legacies • Administrative policing regulations 	
B. Specific competencies		
(No hierarchy is in place among the various decentralized levels)		
Communes	Counties	Regions
Fairs and markets, sports, arts and culture		Alignment of development strategies and actions (communes, counties, and central government)
Preschool, basic and non-formal education, vocational training and apprenticeships	General secondary education, and vocational training and apprenticeships	Technical, vocational, and specialized education, and vocational training and apprenticeships
Health, public hygiene, and sanitation	Health	



Communal communications network, and public transport and traffic plans	County communications network	Regional communications network
Rural and urban water management		Energy
<i>Source:</i> Law No.2012-007 of February 7, 2017 establishing the Local Governments Code, Article 22 (communes), Article 97 (counties), and Article 164 (regions).		

Source: IMF Technical Assistance Report – Implementing Fiscal Decentralization. IMF Country Report No. 15/287. P12. October 2015.



Annex 4. List of Selected Communes

1. The selection of the 100 communes covering all 10 regions for the first proposed project in the Series of Projects (see Table 5.1) was undertaken jointly with the Government on the basis of socioeconomic criteria and expression of interest, and includes the 14 urban communes that benefited from the Urban Local Government Support Project (PACUM) interventions to strengthen their administrations and services. To guarantee the national representation of all regions, one commune is attributed to region of Menaka, one to the region of Taoudeni, and two to the region of Kidal. The remaining 72 communes were selected from the remaining eight regions and the district of Bamako according to their population size estimated in 2017.

2. The selection criteria included LG population, presence of administrative staff per 1,000 inhabitants in the LG, existence of a civil registration service, telephone network coverage, presence of micro finance/banking establishment, connection to electricity, existence of a primary or secondary school, and existence of a community health center. Subsequently, each selected LG is requested to send a short expression of interest to confirm their participation in the project. To account for insecurity and for flexibility, a waiting list of 10 communes was established to replace communes that may not be accessible during project implementation.

Table 5.1: List of Selected Communes

Region	CERCLES	Pcode_Cercle	COMMUNES	Pcode_Commune	Population
BAMAKO_6	DISTRICT DE BAMAKO	ML0901	COMMUNE-I	ML090101	412,759
	DISTRICT DE BAMAKO	ML0901	COMMUNE-II	ML090102	196,417
	DISTRICT DE BAMAKO	ML0901	COMMUNE-III	ML090103	158,586
	DISTRICT DE BAMAKO	ML0901	COMMUNE-IV	ML090104	375,340
	DISTRICT DE BAMAKO	ML0901	COMMUNE-V	ML090105	509,366
	DISTRICT DE BAMAKO	ML0901	COMMUNE-VI	ML090106	578,876
GAO_3	GAO	ML0703	SONY ALIBER	ML070306	58,691
	ANSONGO	ML0701	OUATTAGOUNA	ML070104	37,300
	ANSONGO	ML0701	ANSONGO	ML070101	37,088
KAYES_12	YELIMANE	ML0107	GUIDIME	ML010705	49,083
	KAYES	ML0103	SADIOLA	ML010321	48,573
	KENIEBA	ML0104	KENIEBA	ML010409	43,941
	YELIMANE	ML0107	KIRANE KANIAGA	ML010706	43,012
	BAFOULABE	ML0101	DIAKON	ML010103	41,606
	NIORO	ML0106	NIORO COMMUNE	ML010610	41,525
	KITA	ML0105	SEBEKORO	ML010526	40,446
	BAFOULABE	ML0101	TOMORA	ML010113	39,701
	DIEMA	ML0102	DIEMA	ML010204	37,555



KIDAL_2	KENIEBA	ML0104	SITAKILLY	ML010412	37,166
	DIEMA	ML0102	DIANGOUNTE	ML010202	35,087
	BAFOULABE	ML0101	CAMARA	ML010109	31,925
			MAHINA		
KIDAL_2	KIDAL	ML0802	KIDAL	ML080203	32,008
	KIDAL		ANEFIF	ML080201	6,309
KOULIKORO_16	KATI	ML0204	KALABANCORO	ML020415	199,525
	KATI	ML0204	MANDE	ML020420	70,685
	DIOILA	ML0202	MASSIGUI	ML020215	66,868
	KATI	ML0204	BAGUINEDA-CAMP	ML020401	63,871
	KATI	ML0204	OUELESSEBOUGOU	ML020428	61,675
	DIOILA	ML0202	GUEGNEKA	ML020209	59,212
	KATI	ML0204	DIALAKORODJI	ML020408	58,528
	KATI	ML0204	SANGAREBOUGOU	ML020432	58,166
	KOLOKANI	ML0205	KOLOKANI	ML020503	54,503
	BANAMBA	ML0201	DUGUWOLOWULA	ML020104	53,031
	DIOILA	ML0202	KALADOUGOU	ML020211	48,280
	NARA	ML0207	DILLY	ML020703	47,390
	BANAMBA	ML0201	BORON	ML020103	46,967
	KATI	ML0204	SANANKOROBA	ML020431	46,049
	KOULIKORO	ML0206	SIRAKOROLA	ML020607	44,361
	DIOILA	ML0202	DIEDOUGOU	ML020206	44,238
MOPTI_12	KORO	ML0505	KORO	ML050512	78,070
			NEMA-		
	DJENNEE	ML0503	BADENYAKAFO	ML050308	57,189
	DOUMENTZA	ML0504	MONDORO	ML050413	52,006
	BANKASS	ML0502	BAYE	ML050202	47,742
	BANKASS	ML0502	SOKOURA	ML050210	47,533
	MOPTI	ML0506	SOCOURA	ML050614	45,583
	MOPTI	ML0506	KONNA	ML050605	45,345
	DOUMENTZA	ML0504	DJAPTODJI	ML050405	44,657
	DJENNEE	ML0503	FAKALA	ML050304	41,554
	MOPTI	ML0506	DIALLOUBE	ML050603	38,145
	DJENNE		DERARY	ML050302	8,581
	DJENNE		FEMAYE	ML050305	20,120
SEGOU_14	SAN	ML0405	SAN COMMUNE	ML040517	82,539
	SEGOU	ML0406	PELENGANA	ML040620	68,833
	SEGOU	ML0406	DIORO	ML040607	57,462
	SEGOU	ML0406	MARKALA	ML040616	56,605
	BAROUELI	ML0401	BARAQUELI	ML040101	52,829



SIKASSO_15	BLA	ML0402	FALO	ML040206	50,712
	NIONO	ML0404	SIRIBALA	ML040408	46,548
	BAROUELI	ML0401	KONOBougou	ML040106	45,895
	MACINA	ML0403	MACINA	ML040305	44,707
	SEGOU	ML0406	CINZANA	ML040604	44,461
	MACINA	ML0403	SALIBA	ML040308	43,006
	NIONO	ML0404	DIABALY	ML040401	42,306
	MACINA	ML0403	KOLONGO	ML040304	42,121
	SEGOU	ML0406	KATIENA	ML040614	42,044
	YOROSSO	ML0307	KOURY	ML030705	66,914
	KOLONDIEBA	ML0303	KOLONDIEBA	ML030306	65,793
	KADIOLO	ML0302	KADIOLO	ML030204	64,112
	YANFOLILA	ML0306	WASSOULOU-BALLE	ML030611	63,442
	BOUGOUNI	ML0301	KOUMANTOU	ML030114	63,117
	KADIOLO	ML0302	MISSENI	ML030207	58,759
	KADIOLO	ML0302	FOUROU	ML030203	51,203
	KADIOLO	ML0302	LOULOUNI	ML030206	50,640
	SIKASSO	ML0305	NIENA	ML030531	46,069
TOMBOUCTOU_3	SIKASSO	ML0305	DANDERESSO	ML030503	44,810
	BOUGOUNI	ML0301	ZANTIEBOUGOU	ML030126	44,084
	KOUTIALA	ML0304	M'PESSOBA	ML030419	43,547
	BOUGOUNI	ML0301	DOGO	ML030106	42,096
TOMBOUCTOU_3	KADIOLO	ML0302	ZEGOUA	ML030209	40,819
	KOLONDIEBA	ML0303	KEBILA	ML030305	40,785
	GOUNDAM	ML0602	TONKA	ML060216	65,665
	NIAFUNKE	ML0604	SOBOUNDOU	ML060407	49,825
TOMBOUCTOU_3	NIAFUNKE	ML0604	FITTOUGA	ML060403	37,096
	GOURMA-RHAROUS	ML0603	RHAROUS	ML060308	32,400
MENAKA_1	MENAKA	ML0704	MENAKA	ML070403	27,928
	Inekar		Inekar		
	Anderamboukane		Anderamboukane		
TAOUDENI_1	TAOUDENI	ML0605	TAOUDENI	ML060505	26,453
	Arouane		Arouane		
	Al-Ourche		Al-Ourche		
COMMUNES DU PACUM					
GAO	GAO	ML0703	GAO COMMUNE	ML070303	106,433
KAYES	KAYES	ML0103	KAYES COMMUNE	ML010312	155,693



KOULIKORO	KITA	ML0105	KITA COMMUNE	ML010513	60,447
	KOULIKORO	ML0206	KOULIKORO COMMUNE	ML020604	51,276
MOPTI	KATI	ML0204	KATI COMMUNE	ML020418	104,149
	MOPTI	ML0506	MOPTI COMMUNE	ML050609	148,873
SEGOU	BANDIAGARA	ML0501	BANDIAGARA	ML050101	21,158
	SEGOU	ML0406	SEGOU COMMUNE	ML040626	164,545
SIKASSO	NIONO	ML0404	NIONO	ML040406	100,628
	BLA	ML0402	BLA	ML040202	56,048
	SIKASSO	ML0305	SIKASSO COMMUNE	ML030536	279,315
	KOUTIALA	ML0304	KOUTIALA COMMUNE	ML030416	174,335
	BOUGOUNI	ML0301	BOUGOUNI COMMUNE	ML030102	72,150
TOMBOUCTOU	TOMBOUCTOU	ML0605	TOMBOUCTOU COMMUNE	ML060506	67,332



Annex 5. Implementing Performance-Based Grants

History of performance-evaluation and performance-based grants in Mali

- 1. Mali's experience with performance monitoring of local governments dates back to 2002 and the first local government database.** This database, *Outil Informatisé de Suivi-Évaluation* (OISE), was established to monitor implementation of the communes' local development plans (*Programme de Développement Économique, Social et Culturel*/PDESC). At the time, communal support centers (*Centres de Conseils Communaux*/CCC) were in place to support the still nascent local governments and to assure regular updating of information in the OISE, under the auspices of a regional coordinator. The various indicators supported the decision-making of the Local Development Action Steering, Coordination, and Monitoring Committee (abbreviated as CLOCSAD in French) and the Regional Development Action Steering, coordination, and Monitoring Committee (CROCSAD). The Ministry of Territorial Administration then used the OISE to pull information on issues such as local government administration, governing bodies, human resources, project management, and donor support.
- 2. With the abolishment of the CCC in 2007, the database was no longer regularly updated, and served limited purposes.** Donors largely withdrew support to the system, and it was for many years maintained with great difficulty, providing limited inputs to evaluation of the government's successive decentralization policies and programs. Since then it has been fully operating only in regions supported by the PADRE program (Kayes, Segou, and Mopti) funded by the German Development Agency (GIZ) and serving the limited purpose of generating data for European Union (EU) budget support to decentralization.
- 3. Performance-based grants were piloted in Mali under the World Bank-funded Urban Local Government Support Project (PACUM), co-financed by the Swiss Agency for Development and Cooperation (SDC).** The project was approved in 2012 and will close at the end of 2019. The underlying idea of implementing performance-based grants is to create competition among local governments, thus rewarding good governance, increasing service delivery capacity, and supporting LG accountability to the electorate.¹⁷ The project has focused on developing the institutional underpinnings of improved service delivery and the evaluation addresses two tiers of performance. First are five base conditions, which, although legal requirements, are not always respected by local governments (such as timely elaboration of budgets through public consultations, audits, and staffing). If communes respect these conditions, they gain access to 50 percent of the next year's indicative grant; if not they forfeit the entire next year's grant. Second is performance on 14 criteria related to the quality of planning, administration, project implementation, budget management, and accountability. The performance on these criteria governs the remaining 50 percent of the indicative grant. There is a possibility for a commune to recover any grant not triggered in the previous year by improving performance the subsequent year. The initial evaluation matrix has undergone some modifications to adapt it to emerging lessons and assure precision of the definitions.¹⁸ The PACUN grant funds are nonconditional and can be used to fund eligible investments in service

¹⁷ The repartition formula for the investment allocation for LGs (DIN) of the National Local Government Support Fund (FNACT) contains some performance elements in the form of collection of the local and regional development tax and respect of administrative procedures. However, scarcity of data hinders the full application of the formula.

¹⁸ Also, because of the difficult situation of some local governments in the north and of the project unit to place at the disposal of communes some needed tools, some conditions and criteria have been neutralized in specific years to avoid penalizing communes for



delivery. The project did not rely on the National Local Government Investment Agency (ANICT) to manage funds because of the challenges highlighted above and to give the beneficiary local governments full operating autonomy and spending discretion to prove their ability to implement investments and improve services, while benefiting from a consequential technical assistance program.

4. **The PACUM annual evaluation has been carried out entirely by DGCT since 2017, and with more timely notification of grants.** Each of the 14 LGs included in the pilot are notified of their grant for the following year by the Minister of Urban and Housing, as President of the Project Steering Committee, based on the previous year's performance. While some difficulties and delays to the process have been experienced (arising from late mobilization of the independent team initially tasked with the evaluation, elections, and changes to DGCT key staff), local governments have generally been notified of the following year's grant before the end of the budgeting process for the following year (October 31, thus 9-12 months earlier than the historic performance of ANICT to notify local governments of the DIN allocation of FNACT. Based on the grant, communes are entirely responsible for consulting their populations on investment needs, preparing and budgeting investment, and implementing and operating them. The selection of investments starts in the PDESC, and is then further operationalized through a three-year investment plan updated on a rolling basis, with annual implementation programs and procurement plans.

5. **Results are positive and evaluations show marked progression in the ability to meet performance criteria.** In the first evaluation in 2012, covering only four communes, all respected the base conditions, but only two passed the bar to achieve 75 points on the performance criteria. In the most recent evaluation, covering 13 secondary cities and Bamako, all cities respected the five base conditions and 11 out of 14 passed the performance evaluation.¹⁹ Among the notable results are regular audits and implementation of audit recommendations, mainstreaming of participatory planning practices, increased focus on mobilization of own-source revenues, and implementation of asset management programs.

Government strategy to mainstream performance-based grants

6. **The Government is intending to mainstream a performance-based approach as part of the decentralization strategy.** The PACUM evaluation has so far been done in-house by DGCT with missions to each city, but DGCT is leading efforts to simplify and decentralize the process, based on a revamped OISE and a new monitoring and evaluation unit being established. Based on several scenarios developed in a study funded by the Belgian Development and Cooperation Agency (Enabel), the option to reserve part of the funds allocated through FNACT to performance-based grants has been retained (starting with 25 percent but gradually increasing to 35 percent of the investment allocation for LGs or DIN in French). PACUM is supporting DGCT to develop the contours of the procedural and operational modalities for the mainstreaming of performance-based grants.

7. **The performance-based approach to be implemented will include a base allocation upon meeting minimal base conditions and a performance allocation upon the verification of LG performance.** The base conditions and performance criteria have been proposed by the study funded by Enabel, and are under discussion

aspects beyond their control. It is recognized that flexibility in the application of criteria can lead to weakening the overall integrity of the system and perception of equity, and the evaluation matrix should therefore contain indicators that the communes are fully and solely responsible for attaining.

¹⁹ The base conditions and performance criteria were gradually applied in sequential manner and the base conditions are not applicable to Bamako because of a different project approach for the capital city.



among ANICT, the Ministry of Economy and Finance (MEF), and DGCT. The base conditions and performance criteria under discussion include the following elements:

- Timeliness of production, adoption, and transmission of budget documents (base condition)
- Adopted PDSEC (base condition)
- Timeliness of completion of contract with ANICT (base condition)
- Updated procurement plan (base condition)
- LG accountability (performance criteria)
- LG financial management (performance criteria)
- Documentation retention and archiving
- Maintenance of assets
- Monitoring of infrastructure contract and expenditure justification
- Commissioning of infrastructure and equipment
- Quality management of civil registry
- Management of health services in the commune, including access
- Access to educational services in the commune, including functional CGS
- Access to drinking water in the communes

8. **An important element of success in the future will be to allocate sufficient budgetary resources to fund substantial envelopes for performance-based grants.** This will assure that LGs are incentivized to implement improvements to local governance. Hence, allocation of increased Government resources and the possibility of donors contributing without biasing the system will be factors of success. The current share of the DIN allocated to performance-based grants is about \$4,000 per commune, which is not enough to incentivize performance or fund consequential construction of infrastructure needed to improve services. During presentation of the Enabel study, the Government announced a commitment to allocate 6 percentage points of the expected increase of transfers of budgetary resources to LGs from 19.8 percent in 2018 to 30 percent to the DIN in the future. Achieving this objective would result in an increase to about \$217,000 allocated to the DIN per commune, and \$76,000 to performance-based grants per commune.²⁰ This will be sufficient to incentivize performance and to fund investments that would make a real impact on service delivery over time.

9. **Part of the decentralization strategy also focuses on ‘regionalization’—of a restructured ANICT and FNACT—with regional flexibility on allocation criteria, and of support structures.** In line with the 2015 Algiers peace agreement and overall objectives and government strategy to bestow upon regions a stronger role in service delivery, ANICT started a process known as regionalization in 2017. This will entail stronger regional presence and reinforced collaboration with regional councils and CROCSADs. A central tenant of regionalization is that repartition of FNACT funds between regions is to be reserved for the national level, while regional antennae of the ANICT will determine intra-regional distribution of funds, with some level of flexibility for each region to determine the repartition criteria among districts and communes. Several criteria are being reflected

²⁰ Calculated based on current budgetary revenues of FCFA 1,650 billion, multiplied by 6 percentage points allocated to the DIN, and 85 percent for the share going to communes (with 15 percent reserved for regions and districts), 35 percent for the performance-based part of the DIN, and divided by 703 communes. Exchange rate FCFA/\$550. A likely parameter in the allocation formula will be population size, and hence smaller local governments will receive substantially less than the average, while larger local governments will receive more.



to determine the regional shares of the DIN.²¹ The DGCT strategy is to allow some flexibility based on indicators available in the revamped OISE database, to assure the needed data requirements and avoid past problems of lack of data. In addition, the strategy is based on Regional Development Agencies (ARD), established in 2017, to provide technical support to local governments in their development efforts. These structures are not fully operational in all regions, especially because of funding constraints. Finally, according to the 2016 Government plan for transfer of competencies and resources to local governments, the Government foresees the transfer of deconcentrated technical services to the regional and local level, according to competencies transferred. However, implementation of this objective lags.

Project support to implementing performance-based grants

10. **The proposed project supports some main elements of the Government's decentralization strategy, building on experiences and supporting the changes already underway.** In direct extension of the above analysis and PACUM experience, the project will finance technical assistance to support the full implementation of a LG performance-grant mechanism. The Government is intending to implement the mechanism in all 703 communes and the project will support the implementation of systems to allow application across all communes (OISE database procedures and technologies, evaluation criteria and application, strengthening the ANICT antennae and regional authorities involved in performance-evaluation, development of training programs, etc.) but with dedicated support to building capacity in the 100 communes benefiting from the proposed project. The project will support the implementation of performance evaluation in the project communes, and time-bound technical assistance to LGs to sequentially enable groups of communes to improve performance (synchronized with the support to citizen engagement in the same communes).

11. **Revamped local government database (OISE), evaluation, and notification.** Several studies have been conducted on possible criteria for regions, districts, and communes, building on the two-tier approach piloted by PACUM. However, the criteria will evolve to place more emphasis on actual service delivery. As the principle of performance-based evaluation will be applied to all communes, of highly varying capacity and financial resources, there will be a need for differentiation in performance criteria among local governments. The project will support studies to allow the finalization of criteria and their integration into the OISE, with interlinkages to sector databases, and finalization of mobile technologies allowing the decentralized entry of data by Mayors and data validation at the district and regional level, through the SLPSIAP and DRPSIAP. Quality control will remain with DGCT, which will be responsible for reporting on system performance. An important additional element will be a digital solution to allow the collecting and sharing of LG performance information among the different levels of government, as well as civil society, and increase the possibility for all stakeholders to monitor local government performance and quality of service delivery. A system of randomized quality control will be implemented to assure integrity of the system, with the Account Section of the Supreme Court (SC-CS) and *Inspection Générale* playing a strengthened role in fiduciary oversight and data verification. The project will also strengthen the timely calculation, notification, and transfer of grant funds to local governments, from notification of the overall annual envelope by the *Comité National des Finances Locales* through ANICT. The latter will be complemented by reinforced flow of information, interlinked with project support to improve citizen engagement and

²¹ Population, levels of poverty, number of council sessions held, number of minutes of sessions transmitted to the oversight body ('tutelle') timeliness of transmission of budget reports to the oversight body, public sessions on local government management, and mobilization of own source revenues.



accountability of local governments. The overall setup will assure separation of roles for performance evaluation and calculation of allocations.

12. **Strengthened regional autonomy over allocations and implementation capacity.** In the spirit of regionalization, the project will support CROCSAD to monitor the performance of the system and assist in adapting the allocation criteria to local preferences. A major innovation in terms of responsibility is that regional antennae of ANICT will be required to follow regional allocation criteria, under the oversight of CROCSAD. The information collected on performance indicators by DGCT will be the primary information used to evaluate the performance of local governments and will be used in the computation of the intergovernmental transfer. Also, to reinforce operational autonomy and align with ongoing relaxation of prior controls of local governments, the project will provide assistance to simplify the administrative procedures and documentation required for LGs to gain access to notified performance-based grant funds, and to justify the expenditure, as reflected in the ANICT manual of procedures. This includes a study to determine the eligible expenditures under the grants, and to avoid grants funding expenditure that do not contribute to improved service delivery.



Annex 6. Other Donor Decentralization Interventions

Partner	Interventions	Financing
Germany	PADRE, PACT IV & V + 3 smaller projects): Strengthening regulatory and institutional decentralization framework; strengthening local capacity <i>Regions covered: Kayes, Ségou, Mopti</i>	\$61,460,000
Belgium	PADK II, PAICT, PAIR + 3 smaller projects: Strengthening local governance; strengthening citizens participation; decentralization policy <i>Regions covered: Koulikoro</i>	\$25,561,330
France	PADER, SDNM2, Center Stabilisation: Regional economic development; financing local investment projects <i>Regions covered: Ségou, Timbuktu, Gao, Menaka, Kidal, Taoudeni, Mopti</i>	\$60,733,572
Switzerland	PACY: Regional economic development; financing local investment projects; strengthening local capacity <i>Regions covered: Mopti, Sikasso</i>	\$7,300,000
European Union	Decentralization policy; strengthening regional committees <i>Regions covered: Ségou, Mopti</i>	\$284,733,000
Canada	PDI I & II, PRSSD, Education: Assistance to the health and education sectors; strengthening local capacity <i>Regions covered: Kayes, Ségou, Sikasso</i>	\$40,200,000
Denmark	Program on decentralization: Strengthening citizen participation <i>Regions covered: Sikasso</i>	\$59,495,000
Luxemburg	Decentralization & Good Governance at the local level	\$1,500,000
Netherlands	Local Government Project: Strengthening citizens participation and social cohesion	\$16,750,000
UNDP	Local Governance: Regional economic development; financing local investment projects; strengthening local capacity <i>Regions covered: Ségou, Sikasso</i>	\$2,500,000
United Nations Multidimensional Stabilization Mission in Mali (MINUSMA)	Assistance to Interim Authorities: Creation and support to interim authorities and strengthening local capacity <i>Regions covered: Mopti, Gao, Timbuktu, Kidal, Menaka, Taoudeni</i>	\$1,500,000
U.S.	SNGP: national and local public financial management (PFM) system strengthening	\$22,000,000

Source: Donors Coordination Group on Decentralization in Mali.



Annex 7. Disbursement Linked Indicators

The table below includes the translation of DLIs presented in table 3 in the PAD into DLRs presented in the legal agreement for disbursement purposes.

DLI	DLR	Amount of the Grant Allocated (expressed in USD)
DLI#1: Selection of participation of Local Governments	DLR#1.1: MATD has officialized the selection of Local Governments for the Project by the adoption of a ministerial text	US\$2.30 M
DLI#2: Support the transfer of resources to local governments	DLR#2.1: From the baseline of 19.77 percent of budgetary revenue transferred to LGs, for each 1 percent increase, USD 1,124,144 shall be available for disbursement, up to the allocated amount of USD 11,500,000, with a minimum payment threshold of USD 2,300,000	US\$11.50 M
DLI#3: Support the timeliness of availability of resources to local governments	DLR#3.1: At the end of fiscal year 2020, if payments of participating LG expenditures take place within an average of ninety (90) days between the payment order and the actual payment, USD 920,000 shall be available for disbursement. Amount not disbursed shall be redistributed in subsequent years.	US\$920,000
	DLR#3.2: At the end of fiscal year 2021, if payments of participating LG expenditures take place within an average of ninety (90) days between the payment order and the actual payment, USD 920,000 shall be available for disbursement. Amount not disbursed shall be redistributed in subsequent years.	US\$920,000
	DLR#3.3: At the end of fiscal year 2022, if payments of participating LG expenditures take place within an average of ninety (90) days between the payment order and the actual payment, USD 920,000 shall be available for disbursement. Amount not disbursed shall be redistributed in subsequent years.	US\$920,000
	DLR#3.4: At the end of fiscal year 2023, if payments of participating LG expenditures take place within an average of ninety (90) days between the payment order and the actual payment, USD 920,000 shall be available for disbursement.	US\$920,000
DLI#4: Support better service delivery in health at the local level	DLR#4.1: For each Selected Local Government signing a mutual assistance contract with ASACO, USD 27,600 will be available, up to the allocated amount of USD 2,760,000, with a minimum disbursement threshold of USD 690,000.	US\$2,760,000
	DLR 4.2: Upon completion of DLR # 4.1, for each transfer of 25% of the total budgeted amount in participating LGs mutual assistance contract with ASACO, USD 460,000 will be available for	US\$1,380,000



	disbursement, up to the allocated amount of USD 1,380,000, with a minimum disbursement threshold of USD 460,000.	
	DLR 4.3: At the end of the first fiscal year following completion of DLR # 4.2, for each 35% average score of health centers' checklist in participating LGs, USD 920,000 will be available for disbursement, up to the allocated amount of USD 1,840,000, with a minimum disbursement threshold of USD 920,000	US\$1,840,000
	DLR 4.4: At the end of the second fiscal year following completion of DLR # 4.3, for each 35% average score of health centers' checklist in participating LGs, USD 690,000 will be available for disbursement, up to the allocated amount of USD 1,380,000, with a minimum disbursement threshold of USD 690,000	US\$1,380,000
DLI#5: Support better service delivery in education at the local level	DLR 5.1: for each Selected Local Government signing a management contract with CGS of public primary schools, USD 27,600 will be available, up to the allocated amount of USD 2,760,000, with a minimum disbursement threshold of USD 690,000.	US\$2,760,000
	DLR#5.2: Upon completion of DLR # 5.1, for each transfer of 25% of the total budgeted amount in participating LGs and CGS's management contract, USD 613,333 will be available for disbursement, up to the allocated amount of USD 1,840,000, with a minimum disbursement threshold of USD 613,333.	US\$1,840,000
	DLR#5.3: At the end of the first fiscal year following completion of DLR#5.2, for each 10% tranche of public primary schools in participating LGs equipped with materials as defined in the PIM, by thirty (30) days after the start of the school year, USD 276,000 will be available for disbursement, up to the allocated amount of USD 1,380,000, with a minimum disbursement threshold of USD 828,000.	US\$1,380,000
	DLR#5.4: At the end of the second fiscal year following completion of DLR#5.2, for each 10% tranche of public primary schools in participating LGs equipped with materials, as defined in the PIM, by thirty (30) days after the start of the school year, USD 230,000 will be available for disbursement, up to the allocation amount of USD 1,380,000, with a minimum disbursement threshold of USD 690,000.	US\$1,380,000
Total Financing Allocated		US\$32,200,000