


IEG ICR Review
 Independent Evaluation Group

1. Project Data:		Date Posted:	03/27/2006	
PROJ ID:	P001750		Appraisal	Actual
Project Name:	MI Urban Devt & Decentr	Project Costs (US\$M)	154.60	136.5
Country:	Mali	Loan/Credit (US\$M)	80.0	81.5
Sector(s):	Board: UD - General transportation sector (42%), General water sanitation and flood protection sector (28%), General public administration sector (25%), Other social services (5%)	Cofinancing (US\$M)	65.9	39.5
L/C Number:	CN004	Board Approval (FY)		96
Partners involved :	CIDA, AfD, KfW, International Center for the Study of the Preservation and Restoration of Cultural Property (ICCROM)	Closing Date	12/31/2003	06/30/2005
Evaluator:	Panel Reviewer :	Division Manager :	Division :	
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2. Project Objectives and Components
a. Objectives

The project's development overall objective is to improve the delivery, on a sustainable basis, of urban infrastructure services by local governments, in partnership with the Central Government, the private sector, and communities . Specific objectives are to:

1. build local government management capacity, improve performance, strengthen operations and maintenance, and improve planning, programming, budgeting, financial management, and revenue generation;
2. improve the provision of basic urban services, especially in the poorest neighborhoods, through appropriate investments in basic infrastructure (including safe water supply) and infrastructure for economic activities, while improving the urban environment, and creating employment through labor-intensive works;
3. help preserve Mali's historical cities and monuments, classified as World Patrimony, in cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the communities involved;
4. pursue improvements in the operation of the urban land market, begun under the IDA-assisted Second Urban Project, while promoting a progressive formal privatization of the land market, creating new revenue sources for local governments, and guiding urban development and expansion .

b. Components (or Key Conditions in the case of Adjustment Loans):

1. Capacity building (*US\$7.4 million at appraisal, US\$6.8 million actual cost, 6% of the total cost at appraisal*), including introduction of municipal support measures and urban management tools, assigning addresses to streets and lots and collecting fiscal data in the four major cities, setting up accounting systems in participating municipalities, training for local and central government officials as well as involved private sector employees, support to municipalities for project implementation and assistance to the Ministry of Urbanization and Housing .

2. Basic infrastructures (*US\$83.3 million at appraisal, US\$90.3 million actual cost, 62% of the total cost at appraisal*), including maintenance of existing infrastructure, urban road rehabilitation and construction, pilot actions for sanitation in Mopti, Sévaré, and Bamako, improving living conditions in seven of the poorest neighborhoods of Bamako, development of land for economic activities and studies, supervision of works and management .

3. Historical cities and monuments (*US\$12.1 million, US\$12.3 million actual cost, 9% of the total cost at appraisal*), including restoration and preservation of sanctuaries and mosques in Timbuktu, preservation and promotion of one archeological site in Djenné, preservation and promotion of Dogon historical and cultural heritage, construction of public buildings in Bamako, and provision of technical and logistical support to reinforce cultural missions of the Ministry of Culture and Communication in Bandiagara, Djenné and Timbuktu.

4. Drinking water supply to Bamako and Mopti (*US\$17.8 million at appraisal, US\$18.0 million actual cost, 13% of*

(the total cost at appraisal), including improvement of safe water supply, studies of water issues in Bamako and updating the water tariff system.

5. Land development for housing in Bamako (*US\$13.9 million at appraisal, US\$8.7 million actual cost, 10% of the total cost at appraisal*), including financing a program of 5,000 plots (273 ha) equipped with roads, drainage and connected to water supply networks, electricity and telephones .

c. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Final costs in US\$ was lower than estimated because of falling value of local currency . The counterpart contribution from the Government (including the local governments) was estimated at US\$13.5 million at appraisal, while the actual contribution from the Government was US\$ 15.5 million, a 15% increase in its US\$ value. Additional financing was expected to be from several partners in the amount of US\$ 65.9 million. The actual cofinancing was US\$39.5 million, around 40% less than what was expected . The Land Development for Housing component did not receive the additional cofinancing expected .

The project closed on June 30th 2005, 1.5 year behind the schedule . The extension of closing date was for completing the additional work program .

3. Relevance of Objectives & Design :

The project objectives were consistent with the Bank 's CAS, which focused on building capacity of municipalities and the central government, job creation to reduce poverty and to develop basic infrastructures . The project was timely to address urban issues characterized by a rapid growth of Mali 's urban population (5% per year on average), very limited access to basic infrastructure (more than 50% of the population lived below the poverty level), a deterioration of existing urban infrastructure for lack of maintenance, and insufficient municipal financial resources . The project objectives were further in line with the Government 's strategy for the urban sector, whose main goal was to improve provision of basic urban services .

These objectives remain valid in light of the current CAS (of 2003), which calls for growth promotion and improving public finance management and governance .

The project in general was well-designed and balanced in that it aimed at capacity building of municipalities while at the same time tackled problems on the ground by providing badly needed infrastructure services .

4. Achievement of Objectives (Efficacy) :

Objective 1: capacity building for local governments . **Negligible** . Although some positive changes have occurred, the results on the ground remained lacking by the time the project closed . Due to financial constraints, local governments were not able to hire needed qualified people to manage their programming and financial management capacities . Neither were they able to produce meaningful annual investment programs . The monitoring system of the Ministry of Urban and Housing was not reinforced . The new urban tax was not implemented even though it was established . Consequently, local governments were not able to significantly increase their revenues (only 6% between 2001 and 2003 when the reliable data could be obtained).

Nonetheless, the project did have some positive impact . Notably, a new urban tax was established, the land tenure law was reviewed, more than 5000 streets and 130,000 plots were addressed and an urban data base was established. A management accounting system was set up in three of the four targeted municipalities and training for central and local officials were provided .

Objective 2: to improve the provision of basic urban services . **Substantial** . Basic urban services saw significant improvements. The construction of new roads and rehabilitation of existing roads in project cities enhanced mobility in these cities substantially . Sanitation conditions saw a great lift. The project enabled additional 179,000 people in Bamako and Mopti to gain access to potable water services (against an appraisal target of 165,000), and provided better drainage systems as well as electricity services to 55,000 inhabitants as planned in the seven poorest neighborhoods of Bamako. The enhanced sanitation drastically reduced the incidence of cholera in the city of Mopti, bringing the annual cases down from 675 before the project to 326 during the project, and to none for the last three years of the project when the sewage treatment plants, solid waste collection operations and the drainage facilities were all completed. The project also generated short-term employment (123,000 man-months actual vs. 100,000 man-month at appraisal) for local economy and led to an increased private sector development activities thanks to the expansion of the electricity network .

However, the sustainability of such services provision is questionable as Energie du Mali (EDM), the public utility that provides water supply (despite its name) to Bamako and Mopti, remained in deep deficit by the time the project closed. Tariffs were increased as expected between 1998 to 2000, but the increases were not up to expectations in 2001 and 2002. Furthermore, the Government reduced the tariff in 2003 rather than increased it, pushing EDM into further financial distress .

Objective 3: Historical sites and monuments preservation . **Substantial** . A strategic long term physical and spatial planning and environmental management has been established for all classified cities . About 10 historic sites in Timbuktu were rehabilitated. Other works included the construction of 6.5 kilometers of drains in Djenné, access roads and construction of a community camp in the Dogon region, construction of a handicraft center in Sangha and the construction of a complex including the National Library, the National Archives and the National Documentation Center in Bamako. Training for 150 masons was planned but never carried out due to delays in designing a program

acceptable to the Bank.

Objective 4: to improve the operations of the urban land market. **Modest.** The project almost met its physical targets, i.e., targets on plot production and selling (delivering 4,595 plots vs. 5000 plots planned, and selling 3,006 plots vs. 3,500 planned). About 2986 land titles have been created, of which 2861 have been distributed. However, these achievements were marred by a lack of transparency in allocating plots to resettled households . Combined, they resulted in a modest rating for this component.

5. Efficiency :

The efficiency is modest. The internal rate of return (IRR) for the Drinking Water subcomponent was estimated at 12% at appraisal, while at completion it was only 8.3%.

The IRR for the transport stations of Mopti and Sevare was estimated at 13% at the project completion vs. 19% at appraisal.

6. M&E Design, Implementation, & Utilization:

The M & E design overall was sound. The appraisal document provided clearly designed project performance indicators, detailing performance targets by each project year . A completed key performance indicators/log frame matrix including outcome and output indicators was presented as an annex of ICR . The practice of clearly separating outcome indicators from output ones is commendable .

7. Other (Safeguards, Fiduciary, Unintended Impacts--Positive & Negative):

This project was an Environmental Assessment Category "B" project. The water supply, sanitation and drainage system subcomponents undertaken under the project brought about both positive and negative environmental impacts to the industrial area of Bamako and consequently to the Niger river . An environment management plan was prepared.

8. Ratings:	ICR	ICR Review	Reason for Disagreement /Comments
Outcome:	Unsatisfactory	Moderately Unsatisfactory	The project achieved its major relevant objectives (basic urban services provision, historical site renovation and physical land development targets) with major shortcomings (the results on the ground for capacity building component were lacking and the improvement of urban land market was not materialized as expected). The IEG 6-scale outcome rating commands a "Moderately Unsatisfactory" rating for this type of project.
Institutional Dev .:	Modest	Modest	
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Exemplary	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- ICR rating values flagged with ' * ' don't comply with OP/BP 13.55, but are listed for completeness.

9. Lessons:

- It takes time to build the capacities of local governments that need to be carefully monitored . While the capacities of local government are still weak, it is advisable to delegate management contracts of large infrastructure service provision to qualified and experienced agencies instead of overwhelming local governments themselves with these tasks and risking service provision .
- Private sector should be encouraged in participating in land auction system whenever feasible as it has been found that this approach can improve efficiency and enhance transparency in land allocation process .
- Providing basic urban services per se may not lead to sustainable outcomes when capacity building is compromised. Increasing capacity and creating conditions for credible management of urban services are critical elements of any sustainable service delivery mechanism, and should receive the highest level of attention during project preparation and project implementation of any urban operation that deals with local governments.

10. Assessment Recommended? Yes No

11. Comments on Quality of ICR:

The ICR is of exemplary quality and forthcoming about the project's positive achievements and shortcomings . The ICR ratings are clearly outcome-based, which is commendable. The analysis is sound and is backed with solid data . However, readers would have benefited more from a clearer explanation on the resettlement issues which negatively impacted the outcome of the land market development component . Partner's contributions are only in French . Readership would be broader if an English summary had been provided .