

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

Report No.: AB6286

<b>Project Name</b>	ML- Governance and Budget Decentralization Technical Assistance Project
<b>Region</b>	AFRICA
<b>Sector</b>	Sub-national government administration (30%); Public administration- Education (25%); Public administration- Health (20%); Central government administration (15%); General public administration sector (10%)
<b>Project ID</b>	P112821
<b>Borrower(s)</b>	GOVERNMENT OF MALI
	The Republic of Mali Mali
<b>Implementing Agency</b>	
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<b>Environment Category</b>	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	January 13, 2011
<b>Date of Appraisal Authorization</b>	January 18, 2011
<b>Date of Board Approval</b>	March 10, 2011

1. Country and Sector Background

The 2007 Growth and Poverty Reduction Strategy Framework (GPRSF) embodies Mali's medium-term vision. To attain its twin objectives of rapid private sector-led growth and stronger public sector performance, the GPRSF outlines three strategic pillars: (1) development of infrastructure and economic sectors; (2) continuation and consolidation of public sector structural reforms; and (3) strengthening the social sectors to improve the delivery of basic social services, including improved access for the poor.

In Mali, the decentralization agenda is central to improving public service delivery. Indeed, decentralization is expected to help attain allocation efficiency in the face of different local preferences for public goods. Decentralization was stepped up in 1999, with the creation of 701 municipalities (Collectivites Territoriales, CT), grouped in 49 districts (cercles) and covering 8 regions, and with local elections throughout the country. The PAGAM II outlines key PFM reforms to advance decentralization.

2. Objectives

The project is in line with the Bank’s CAS objective of strengthening public sector performance for service delivery. Specifically, the project contributes to the CAS objectives of strengthening public financial management, supporting effective decentralization and building local administrative capacity. The development objective of the Governance and Budget Decentralization TA Project (TA) is to strengthen capacity for public financial management at decentralized level for improved budgetary decision-making and enhanced transparency and oversight for improved service delivery.

### 3. Rationale for Bank Involvement

There is a compelling case to continue the Bank’s strong engagement in strengthening governance and PFM systems in Mali. Further Bank support would be critical to consolidate the good institutional progress made to date and would contribute for the achievement of the fourth strategic goal of the PAGAM II (deconcentration and decentralization are reinforced by an appropriate PFM system). The Bank’s involvement in strengthening capacity is rendered more urgent in light of a 2008 instruction from the Prime Minister’s Office (Instruction 08/0003/PM, of 11/21/2008) that establishes that from 2010, budget lines in Education and Health should be gradually allocated to CTs, districts and regions.

### 4. Description

The TA would consist of four components: (1) strengthening capacity for PFM at decentralized level; (2) piloting new PFM tools in the basic education and health sectors; (3) strengthening oversight and community participation; and (4) project implementation and coordination.

Component 1- Strengthening capacity for PFM at decentralized level (US \$6.6 million), has four sub-components: (1) resource mobilization and allocation criteria; (2) budget preparation and monitoring; (3) procurement; and (4) accounting and internal controls.

Component 2 - Piloting new PFM tools in the basic education and health sectors (US \$2.5 million) is organized in two sub-components: (1) education pilot; and (2) health pilot.

Component 3 - External Oversight and Community Participation (US\$ 1.2 million supports the building capacity for fiduciary oversight and participation. It has two sub-components: (1) external audit; and (2) participation.

Component 4 covers activities related with project implementation and coordination (US \$1.7 million).

### 5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
International Development Association (IDA)	12.0
Total	12.0

### 6. Implementation

Consistent with the Paris Declaration, the project will not set up any independent or stand-alone project implementation unit. Institutional and implementation arrangements take into account

that the TA complements the PRSC series and contributes for the implementation of PAGAM II. Activity planning, decision making, project funding allocation, and monitoring and evaluation will use the institutional arrangements already in place for the PAGAM II, adjusted to tighten linkages with the PRSCs. The project will have a steering committee, chaired by the unit within the MEF in charge of PFM reforms (Cellule d'Appui a la Reforme des Finances Publiques, CARFIP), which includes representatives of all the main institutions involved in the project. The overall implementation, coordination and supervision will be fully consistent with the mandates of existing official bodies and will follow the regionalization and decentralization frameworks.

#### 7. Sustainability

Benefits of the proposed TA are expected to be sustainable for the following reasons. First, the design of the project targets capacity development, emphasizing the creation of the right conditions for capacity to grow and be effectively utilized and retained. The TA focuses on skills transfer rather than short term technical or other non sustainable assistance, despite the trade-offs between this approach and the immediate completion of measurable project activities and outputs. Second, the TA is embedded in the PAGAM II and other national programs for which there is political commitment. Third, by supporting citizen participation, the project fosters continued public demand for improvements in the quality of public services, particularly basic education and health. Fourth, Mali has a good track record of macroeconomic stability and fiscal discipline, essential to leverage support from donors that will provide resources necessary for the agenda complemented by the TA. Retaining the staff trained could prove more challenging due to reward related issues. Nevertheless, the operation tries to minimize the problem by focusing on testing methods and training materials, while training trainers.

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

The preparation of this operation was informed by findings from a comprehensive evaluation by IEG (2008) of Bank support to decentralization processes. The operation focuses on activities to strengthen the legal frameworks for intergovernmental relations, the frameworks for intergovernmental fiscal transfers, and sub national financial management because these are Government priorities and the IEG report indicates that Bank support was more successful in those areas. Experiences from operations in Africa, Latin America and South Asia informed the selection of the decentralized entities targeted, and the attention given to capacity needs at central and regional levels in complement to local capacity needs.<sup>1</sup> Experience from other multi-sector projects in Mali indicate that coordination capacity is limited and the project addressed the issue by attributing the technical coordination of the project to an existing unit in charge of the public financial management reform in the Ministry of Economy and Finance (CARFIP), with a strong track record of the implementation and coordination of complex projects.

#### 9. Safeguard Policies (including public consultation)

Because of the nature of the project, which primarily entails the provision of technical assistance, no significant environmental impacts are envisaged. The projects would trigger none of the Bank's environmental safeguards.

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<sup>1</sup> Three brainstorming sessions were organized. The second included as resource persons an official from the Malian Government and Bank staff with experience in decentralization in Latin America, Africa and South Asia.

10. Contact point

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