



1. Project Data

Project ID P116602	Project Name ML-Urban Local Government Support Projec	
Country Mali	Practice Area(Lead) Urban, Resilience and Land	
L/C/TF Number(s) IDA-49660	Closing Date (Original) 30-Jun-2017	Total Project Cost (USD) 61,422,215.61
Bank Approval Date 07-Jun-2011	Closing Date (Actual) 31-Dec-2019	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	70,000,000.00	0.00
Revised Commitment	70,000,000.00	0.00
Actual	61,599,176.59	0.00

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2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (FA, p.5) and the Project Appraisal Document (PAD, paragraph 16), the project development objective (PDO) was "to support strengthened institutional performance of targeted urban local governments." The PDO was revised in the 2016 level 1 restructuring "to support strengthened institutional performance of targeted urban local governments and to contribute to improved infrastructure services in targeted cities."



The original PDO at appraisal:

- to support strengthened institutional performance of targeted urban local governments

The PDO as revised at restructuring in November 2016:

- to support strengthened institutional performance of targeted urban local governments
- to contribute to improved infrastructure services in targeted cities

The revised PDO expanded the project scope from 5 to 9 participating Urban Local Governments (ULGs). At appraisal, the original scope included institutional reform to consolidate Bamako district and its six communes into a metropolitan authority. The 2016 restructuring dropped this component, and the intermediate outcome indicators of an operational Greater Bamako metropolitan authority and a Greater Bamako strategy. Legislation to enable the reform was stalled during implementation. The reduced scope was replaced by an increase in the number of participating ULGs.

For the purposes of this ICR Review, a split rating will not be conducted as the revised PDO was to clarify the project's intent, which is both to strengthen institutional performance and service delivery of supporting infrastructure investments, with no significant changes to the PDO indicators (Restructuring Paper, 2016). This review will assess the project performance against the following objectives:

- to support strengthened institutional performance of targeted urban local governments
- to contribute to improved infrastructure services in targeted cities

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

22-Nov-2016

c. Will a split evaluation be undertaken?

No

d. Components

1: Performance-Based and Capacity Support Grants for Secondary Cities (US\$29.0 million at appraisal, revised to US\$31.5 million at restructuring, US\$27.73 million actual). This component would finance infrastructure and capacity support grants in four secondary cities of Kayes, Sikasso, Segou, and Mopti. Grants would finance investments such as roads, drainage, water supply connections, schools, health, childcare, and sports facilities, markets, and street lighting. Capacity grants would finance the preparation and analysis of asset inventories, develop, train, and update annual operations and maintenance (O&M) plans; and finance experts to assist participating local governments in planning and budgeting, finance and administration, accounting and audits, and service provision. These capacity grants



would allow the participating local governments to meet mandatory minimum conditions (MMCs) or performance assessment criteria to determine grant awards. Under the 2016 restructuring, the allocation was increased to finance grants for five additional cities of Kita, Koulikoro, Bia, Niono, and Gao.

2: Priority Infrastructure Investment and Capacity Support Grants for Bamako (US\$24.5 million at appraisal, revised to US\$20.30 million at restructuring, US\$18.58 million actual). This component would finance grants for the District of Bamako to construct or rehabilitate drainage and related road networks. Grants to enhance the capacity of Bamako to establish sustainable asset management systems and financing would also be financed under this component. Funds would be set aside to integrate six of its communes to establish a greater Bamako metropolitan authority and prepare its development and investment program. Under the 2016 restructuring, due to delayed legislation, the funds were reallocated to the first component to finance the five additional local governments.

3: Institutional Capacity Strengthening (US\$11.55 million at appraisal, revised to US\$12.6 million at restructuring, US\$11.49 million, actual). This component would finance efforts to strengthen the capacity of central government entities such as the Ministry of Housing, Land and Urban Affairs (*Ministère du Logement des Affaires Foncières de l'Urbanisme* or MLAFU) to support the decentralization of services delivered by participating local governments. According to the PAD, financing would be used to (i) hire experts in the five themes covered by the annual Performance Assessments to form the Urban Capacity Mobile Team (UCNMT). This mobile team would deliver just-in-time technical assistance as requested by the participating local governments in addition to those supported by the capacity grants under the first component. (ii) hire an independent team to conduct the annual performance assessments, establish a framework for local government asset management registries, standardize O&M plans across local governments, establish and use an urban local government database, and support the National Department of Urban Planning and Housing (*Direction Nationale de l'urbanisme et de l'habitat* or DNUH); and (iii) conduct strategic studies that would support the greater Bamako metropolitan authority. In addition, annual external financial audits of the participating local governments, participation of officials and staff in training offered by the Training Institute of the Ministry of Local Government (*Centre de formation des collectivités territoriales* or CFCT) and peer-to-peer learning and exchanges would be financed. Under the 2016 restructuring, this component would finance the participation of civil society organizations to identify community priorities and monitor the implementation of investments made under the project.

4: Project Management, Monitoring and Evaluation (US\$3.2 million at appraisal, revised to US\$3.85 million at restructuring, US\$3.38 million, actual). This component would finance the operating expenses of the Project Coordination Unit (PCU) to manage the project and report on its progress. This component would also finance project evaluations, citizen score card surveys, financial and technical audits and information and educational campaign activities designed to achieve the PDO.

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

Project Cost: The total project cost was US\$70.0 million, all financed by an IDA credit, which disbursed US\$61.6 million.

Financing: The International Development Association (IDA) fully financed this project.

Borrower Contribution: There was no borrower contribution.



Dates: The project was approved on June 7, 2011 and became effective on January 27, 2012. The Mid Term Review (MTR) was conducted on June 1, 2015. The original closing date was on June 30, 2017 but was extended twice to close on December 31, 2019 under two restructurings. Below were important dates for the project:

- By **March 1, 2012** according to the PAD (paragraph 35), the UCBMT was to be in place. This was achieved in October 2013.
- On **November 22, 2016** a level 1 restructuring amended the PDO, reallocated resources among the components, introduced changes to the Results Framework, and extended the closing date to December 31, 2018. The restructuring canceled the sub-component related to the Bamako metropolitan authority due to legislation delays. Resources were reallocated to five additional cities (Kita, Koulikoro, Bia, Niono, and Gao). The Results Framework indicators were amended to reflect the cancellation, increase in specific targets due to the added cities, and move one outcome indicator to the intermediate level as it was considered output-oriented.
- On **December 30, 2018**, a level 2 restructuring amended the Results Framework once again, revised components and costs, and extended the closing date to December 31, 2019.

3. Relevance of Objectives

Rationale

At appraisal over a third of the total population of Mali were classified as urban, growing at over 5 percent per year from 2001 to 2006 marked by a rising poverty incidence that rose from 24.1 percent in 2001 to 25.5 percent by 2006. Almost half of them lived in Bamako. Together with Sikasso and seven other cities with a population of over 100,000, these secondary cities provided 35 percent of its population with access to water and 29 percent with access to electricity. The national government through the Local Government Support Fund (*Fonds National d'Appui aux Collectivités Territoriales* or FNACT) transferred resources to Urban Local Governments (ULGs) to increase their investments in these services and maintain existing infrastructure but the transfers lacked formal allocative criteria, with unreliable budget figures, and unpredictable distribution timelines. In 2005, the government prepared a National Decentralization Policy Framework accompanied by an Institutional Development Program (*Programme de développement institutionnel* or PDI) for 2003-2012. The program did not succeed in improving local government capacity and accountability because of unclear lines of service delivery responsibility between the national and local levels, and lack of infrastructure investment resources. In 2009, the government prepared a Strategy for the Development of the Cities of Mali (SDVM) to strengthen the role of the secondary cities, introduce fiscal reforms for service delivery, and increase resource availability by adopting predictable and transparent allocation criteria following established budget cycles.

The PDO was also relevant to the government's current Strategic Framework for Economic Recovery and Sustainable Development (*Cadre Stratégique pour la Relance Economique et le Développement Durable, CREDD*) (2019-2023). The CREDD's objectives included improving governance and developing resilience to climate change. Citizen engagement activities were strengthened under the 2016 restructuring to support this CREDD governance objective. In addition, the PDO contributed to other national strategies such as the February 2014 City National Policy (*Politique Nationale de la Ville – PONA*) and the February 2016 Framework Document for National Decentralization Policy (*Document Cadre de Politique Nationale de*



Décentralisation – DCPND). The 2015 Peace Accord (*Accord pour la paix et la réconciliation au Mali issu du processus d'Alger*) also focused on decentralization. In addition, the government initiated a law to establish the political and administrative reorganization of Bamako district and its six communes into a single, metropolitan entity.

The Bank has extensive experience in the urban sector and in supporting urban development within a decentralization framework especially in Sub-Saharan Africa and South Asia. In Mali, the Bank was engaged in three previous Bank-supported urban sector projects including the preparation of the 2009 SDVM mentioned above. While other donor partners (e.g., Switzerland, Denmark, France, Luxembourg, and Belgium) withdrew support in decentralization related activities (PAD, paragraph 13), the Bank continued its support. For example, the Swiss Agency for Development and Cooperation (SDC) implemented a Social and Urban Development Project in Koutiala, while the Bank facilitated dialogue on national urban policies, sent the authorities to view similar experience elsewhere in the world, and introduced results-based interventions to enhance urban governance systems. According to the ICR, the Bank was preparing a follow-on project the Fiscal Decentralization Deployment of State Resources for Better Service Delivery Project (also known as the Decentralization Project or P164561), which built on the performance-based grant system implemented under this project.

The PDO was relevant to the Country Partnership Framework (CPF) for 2015-2019 for Mali (extended to cover FY2020). The CPF included focus areas on improving governance and building resilience. The PDO's relevance was evident in the project's support to strengthening local government institutions and to financing improved infrastructure services. The project contributed to meeting the CPF's emphasis on the improving public resource management and citizen engagement by supporting these activities in the participating local governments.

In summary, the project addressed key aspects of the development problems posed by a lack of local institutional capacity and meager investments in the government's pursuit of decentralization with a primary focus on secondary cities. The PDO remained relevant to both the government and World Bank strategies, and supported strengthening local government institutions including the government's planned creation of a metropolitan entity by investing in a strategy and the operationalization of the proposed entity, which did not materialize due to lack of progress on the associated law. The relevance of project objectives is rated substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To support strengthened institutional performance of targeted urban local governments (ULGs).



Rationale

Theory of Change: There was no Theory of Change at appraisal. At closing, the theory of change consisted of two causal chains. The first causal chain set out capacity support grants to train the staff of participating ULGs in planning, budgeting, administration, finance, service provisions, accounting, and audit. The participating ULGs would then be assessed if they met minimum standards or conditions in specific performance areas through the following outputs: (i) achieve at least 75 points in its performance assessments; (ii) increase in local governments' own source revenues (OSRs); (iii) local government budget allocations; (iv) auditable budget reports; (v) investment priorities; and (vi) annual asset inventory plans. The second causal chain was that after meeting minimum conditions, ULGs would be awarded grants for use in infrastructure investments. The training activities were comprehensive and were designed to cover the performance areas that ULGs needed to meet to be eligible for the investment grants. These two properly sequenced activities supported a performance-based grant system. In addition, neighborhood or village committees were created. They established links to civil society organizations to provide feedback on ULG development plans. The components were sequenced appropriately to achieve the PDO. However, no critical assumptions were offered to provide the counterfactuals. The adequacy of local capacity to conduct its performance assessments, for example, could have been a critical assumption. The project bore out that this lack of capacity delayed the submission of performance assessments, affecting the conduct of citizen inputs to investment priorities and submitting budgets by October 30 for inclusion in the following year's budget. The outputs from the project would lead to the following outcomes: (i) ULGs would deliver improved infrastructure to its residents; (ii) enhance the accountability and transparency of local government councils; and (iii) improve livelihoods for its population. The original target of 4 ULGs was expanded to 5 more during restructuring, for a total of 9 ULGs with no modification in the Theory of Change. A third causal change was not presented at closing because the component to reorganize the district of Bamako and its six communes into a Greater Bamako metropolitan authority had been dropped earlier. The causal chain for this distinct component consisted of formulating and implementing a strategy to operationalize the authority after its creation. Capacity grants would support the implementation of the strategy. The passing of the law would have been a critical assumption. As it were, passing of the enabling legislation was stalled during implementation and the component replaced instead with an additional 4 ULGs.

The following were the original outcome indicators:

- A performance-based grant system was established in ULGs
- Percentage of ULGs meeting mandatory minimum conditions to access performance grant funds
- Percentage of ULGs achieving at least 75 points in their annual performance evaluations
- Increase in scores in the perception of citizens in their engagement with ULG councils and urban management
- Number of direct project beneficiaries
- Note that the operationalization of the Greater Bamako Metropolitan Authority and the implementation of its supporting strategy were stated originally as intermediate outcome indicators under the original results framework.

OUTPUTS

Evidence on achievements showed that the following targets were **exceeded**:



- 88.89 percent of ULGs getting 100 percent of score on percentage variation between actual own source revenue (OSR) collected and the OSR targeted in budget, according to performance evaluation criteria (baseline, 0, original target 75).
- 88 percent of elected officials and key local government staff met the minimum package of training according to each local government's training plan (baseline 0, original target, revised target 66 percent).

Evidence on achievements showed that the following targets were fully **achieved**:

- 100 percent of ULGs met mandatory minimum conditions to access performance grant funds.
- 100 percent of municipal budget reports were generated in a timely manner.
- 100 percent of external audits were found acceptable.
- Disaggregated list of investments by type and sector were prepared.
- 4 Performance evaluations were carried out by the *Direction Générale des Collectivités Territoriales (DGCT)*.
- 3 performance evaluations of Urban Capacity Building Mobile Team (UCBMT) were conducted (baseline 0, original target 2, revised target 3). The UCBMT generated tools and approaches that ULGs used such as on-demand planning and budgeting support. This mobile team was an innovation introduced to address the geographic spread of the beneficiary ULGs (ICR, paragraph 34).

Evidence on achievements showed that the following targets were **almost achieved or not achieved**:

- 75 percent (according to the Task Team in their September 3, 2020 email to IEG, this target was indeed 75 percent of the 9 ULGs or between 6 and 7 ULGs) established their databases and made these operational, generating annual reports (baseline 0, original target 100 percent)
- None of the local governments conducted their performance assessments on time (baseline 0, original target 100 percent). Assessments were conducted out of cycle resulting in delays and discrepancies in grant awards (ICR, paragraphs 37, 64, and 130) (e.g., assessments due by July were instead completed by October). After a consultative prioritization process, an investment budget was supposed to be submitted for approval by October 30 to be included in the following year's budget).
- None of the ULGs were informed of their allocations for the subsequent year before the start of the budgeting process. Note the discrepancy in the ICR's reporting for this indicator, which shows 100 percent in Annex 1 but None in Table 3 (ICR, Annex 1, and main text, Table 3, p. 13)
- Support for the strategy and operationalization of the Greater Bamako metropolitan authority was dropped during the 2016 restructuring. The government's legislative action in support of this component was stalled. Bamako continued to be part of the target ULGs.

OUTCOMES

The following outcome targets were **exceeded**:

- Achieved a score of 95.0 percent on citizen's perception of their engagement with ULG councils and their perceptions of urban management (baseline 0, target 66 percent). ULG Councils determined investments after consultations with their respective communes, reflecting the enhanced citizen engagement in project implementation.



- 93.5 percent of the community level population were satisfied with the commune level budgetary processes (baseline 0, original target 60 percent).
- 347,400 direct project beneficiaries (ICR, Table 2 in paragraph 31). This figure was inconsistent with the 334,923 direct beneficiaries reported in Annex 1 of the ICR (baseline 0, original target 88,000 revised target 319,000).
- 94 percent of the female population expressed satisfaction with the commune level budgetary processes (baseline 0, original target 60 percent).

The following outcome targets were achieved or partially achieved:

- A performance-based grant system was established (baseline 0, target 1). This system allocated grants to ULGs. An independent consultant originally assessed ULG performance, but by closing this function was carried out by the General Directorate for Local Authorities (*Direction Générale des Collectivités Territoriales* or DGCT). According to the ICR, the performance-based grant system would be scaled up under the follow-on World Bank-funded Deployment of State Resources for Better Service Delivery Project (Decentralization Project or P164561).
- 80 percent of urban local governments achieved at least 75 points on the annual performance evaluation (baseline, 0, original target 80 percent, revised target 90 percent). The city of Gao and Bamako did not reach the 75 point target. Gao sustained continuing instability with its security conditions. Poor capacity at the commune level delayed performance assessments. This resulted in delays in participatory prioritization of the following year's budget, which contributed to delays in national government approvals in budget allocations (see Section 5 on Efficiency below). In the case of Bamako, its district council structure together with six communes presented challenges and hampered achieving the 75 point target for its performance assessment. In addition, the planned reorganization of Bamako was faced with delays in approving an associated law. This delay led to the cancellation of Bamako's institutional restructuring under the project.
- 50.62 of the direct beneficiaries were women (baseline 0, original target 50.4 percent).

In summary, the efficacy of this objective is rated substantial based on significantly exceeding the targets for two outcomes and achieving or almost achieving three outcomes. Not achieving the operationalization of the Greater Bamako metropolitan authority did not reduce the efficacy of achieving this objective.

Rating

Substantial

OBJECTIVE 2

Objective

To contribute to improved infrastructure services in targeted cities.

Rationale

Theory of Change: According to the September 3, 2020 email from the Task Team to IEG, this objective referred to "the cumulative infrastructure investments across beneficiary cities [that] improved the quality of



available infrastructure leading to improved infrastructure services." For purposes of this ICR review, this is understood to mean that the project financed a cumulative set of incremental infrastructure investments and capacity strengthening among selected beneficiary cities to enhance (through rehabilitation or new construction) the already existing infrastructure, with a view to achieving additional improvements in the delivery of infrastructure services to final consumers and beneficiaries. The causal chain for this objective was premised on the ULGs meeting the minimum conditions to be eligible for the infrastructure investments to be funded under this objective. The project financed the following activities: construct or rehabilitate all season roads, drainage, and other infrastructure services in the target ULGs and in Bamako, and conduct asset inventory planning for these ULGs. Residents formed associations and established links to civil society organizations. Residents would be consulted in identifying priority investments. Citizens would provide a score to express their satisfaction with how their local government councils considered their inputs in the budget process and their perception of the benefits from urban management. The activities were properly sequenced and outputs generated were according to scale established during the consultative processes. The outputs would generate these outcomes for residents: (i) access to improved infrastructure; (ii) improved asset inventory planning; and (iii) improved urban livelihoods. There was no mention of reduced flooding from the improved drainage nor were there indicators for quality, reliability, or affordability, if applicable, of the infrastructure investments. There were no critical assumptions offered in this Theory of Change, such as limited local capacity that would delay the conduct of performance assessments. These assessments were followed by a consultative process. Citizens participated in identifying Investment priorities to be included in budgets that were due by October 30 to be included in the following year's budget. The project bore out this lack of capacity leading to little time in participatory budgeting, delays in communicating budgets, and doubts on the benefits of the system at the commune level (ICR, paragraph 64). In addition, the Task Team clarified in its September 3, 2020 email to IEG that no PDO outcome indicators were identified for this objective other than the number of direct beneficiaries since this objective referred to access to investments. No other donors contributed to achieve this PDO. The 2016 restructuring revised targets for the following outcome and intermediate outcome indicators:

- Number of direct beneficiaries (from an original 88,000 to 319,000)
- Number of urban residents with access to all-season roads (from 60,000 to 131,000)
- Number of people with access to improved drainage in the areas served by the project. (from 28,000 to 91,600)
- Length of roads rehabilitated, Non-rural (from 6.2 km to 16.6 Km)
- Length of drainage constructed in kilometers (from 3.3 km to 44.4 km)
- Asset inventory completed and updated yearly for Bamako (target 1)

OUTPUTS

Evidence on achievements showed that the following targets were **exceeded**:

- 88 percent of elected officials and key local government staff met the minimum package of training according to each local government's training plan (baseline 0, original target, revised target 66 percent).
- 49.73 km of drainage was constructed (baseline 0, original target 3.3 km, revised target 44.4 km).
- 97,496 people now have access to improved drainage (baseline 0, original target 28,000, revised target 91,600).



Evidence on achievements showed that the following targets were **achieved or partially achieved**:

- 88.89 percent of asset inventories were completed and updated yearly for the secondary cities (baseline 0, original target 100 percent, revised target 88 percent). The city of Gao continued to be affected by the instability from persistent security conditions and was not able to maintain its asset inventory. 50 percent of Bamako's inventory was completed and updated annually (target 1). Bamako's institutional set-up with six other communes lacked clearly defined political and administrative hierarchy and prevented the district from completing its asset inventory and maintenance plans.
- The Task Team clarified in their September 3, 2020 email to IEG that there were no baselines or targets for each type of infrastructure investment financed under the project: constructed and equipped 237 school classrooms; rehabilitated 8 school classrooms; constructed 214 public latrines or toilets; 61 small shops or market stalls; 10 fully equipped public markets, 1 children's playground; 2 community health centers (*Centre de santé communautaire* or CSCOM) and 1 maternity clinic; 112 public lamp posts; 15 additional public lampposts; 17 four way intersections equipped with traffic lights; perimeter fencing for 18 schools; perimeter fencing for 2 cemeteries; 53 public water standpipes for firefighting; 52.5 km of pipeline for drinking water; 115 access points for potable water; 6 water supply connections to the original pipeline network; 13 water points for public access by residents; 2 cultural facilities; 13 public sports centers; and 1 electrical equipment for a public building.
- In Bamako, 16.65 km of non-rural roads were rehabilitated (original target 6.2 km, revised target 16.6 km). These road rehabilitation works included drainage investments, making these all-year roads.

Evidence on achievement showed that the following target was **not achieved**:

- In Bamako, half of the asset inventory was completed and updated yearly (baseline 0, original target 100 percent)

OUTCOMES

Evidence on achievements showed that the target outcome was **achieved**:

- 131,155 of Bamako residents within a 500 meter range were provided access to all-season roads (baseline 0, original target 60,000, revised target 131,000). According to the ICR, both the road and drainage improvements reduced the risk of localized flooding. Anecdotes supported the claim that localized flooding during the rainy season was reduced (ICR, footnote 7). The Task Team clarified that there was no infrastructure in place to gather data to report on this.
- The Project financed a wide range of infrastructure investments including road rehabilitation, drainage investments, and construction of schools, water pipelines, markets, health centers, and public sports centers. The number of direct beneficiaries - 228,651 - represented the population living within 0.5 km of the infrastructure investments. According to the ICR (paragraph 42 and footnote 8), beneficiaries were likely to include the population beyond this radius but no figure was offered.

The outcome for this objective was expressed only as the number of direct beneficiaries. The PDO was stated without identifying the attributes associated with improved infrastructure services as confirmed by the Task Team in its September 3, 2020 email to IEG. As a result, while taking into account the achievement of infrastructure outputs and access expansion, the outcome for this objective is rated modest based on the absence of monitoring and reporting on the performance criteria such as quality, reliability, and affordability at



the consumer level for the water connections, drainage, public markets, and other infrastructure investments financed under the project. The project did not collect evidence on final outcomes for these criteria.

Rating
Modest

OVERALL EFFICACY

Rationale

The first objective is rated substantial based on achieving or exceeding most of the targets even as the operationalization of the Greater Bamako metropolitan authority (an intermediate indicator in the original results framework) was not achieved. These institutional improvements were critical to strengthening the capacity of sector institutions' capacity to implement infrastructure investments. Local governments institutions were strengthened by promoting transparency and accountability, which was evident in the publication of investment priorities along with associated budgets. Citizen participation in urban planning and management expanded. The second objective is rated modest for the absence of any measurement of the final outcomes (e.g., improvements in the quality, reliability, and affordability of delivered services) that resulted from the additional infrastructure investments and increased access by urban residents. On balance, while considering that Greater Bamako support did not materialize, the institutional strengthening of the participating ULGs and infrastructure outputs and associated improvements were achieved, hence efficacy is rated substantial with moderate shortcomings in line with OPCS Guidelines.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency: At appraisal, each proposed road investment was evaluated using the Highway Development and Management (HDM-4) model. According to the PAD, all investments were found to have positive Net Present Values (NPVs) and rates of return (ERRs) between 15 and 39 percent (PAD, paragraph 62). At appraisal, no project economic rate of return (ERR) was calculated. As a result, the ICR did not present a comparison of economic analyses for the investments used at appraisal (roads) and those at project closing (roads and drainage).

At closing, economic and financial analyses were prepared. Using costs that covered only those infrastructure sub-project investments, the ERR was estimated at 46 percent (ICR, paragraph 44). This calculation used US\$20.76 million in infrastructure investments under component 2 and US\$21.83 million in infrastructure investments or half of the grant awards under component 1 for a total of US\$42.59 million or 69.1 percent of the US\$61.6 million disbursements. Footnote 9 used a value of US\$40.0 million and 64 percent of the disbursements. The acknowledged cost of capital in Mali was reported to be 5 percent (ICR, footnote 10).



However, the ICR at closing used a 15 percent discount rate as a more realistic rate because of unspecified risks associated with the investments. The net present value (NPV) was estimated at US\$3.2 million (ICR, footnote 10). However, elsewhere in the document, the NPV was estimated at US\$2.9 million using the same 15 percent discount rate (Annex 4, paragraph 2 of the ICR). The Task Team verified in their September 3, 2020 email to IEG that the Bank's preferred lower social rate of time discount was not used because of the high "risk associated with the economic volatility in Mali." Other NPV values were presented using discount rates of 1 percent (US\$46.1 million), 2 percent (US\$41.8 million) and 5 percent (US\$31.2 million).

Administrative and Operational Efficiency: There were several factors that resulted in implementation delays. These included delay in the project becoming effective because of the political and security crisis. A *coup d'état* early in the implementation period caused the deterioration of security conditions. The project was temporarily suspended until October 2012. However, according to the ICR, beneficiary cities continued to prepare project activities. Delays in the implementation of Resettlement Action Plans (RAPs) were also affected by lack of capacity in communes (see Section 10, Other Issues - Environmental and Social Safeguards below).

Twelve different ministers led the Ministry of Housing, Land, and Urban Affairs (*Ministère du Logement, des Affaires Foncières et de l'Urbanisme* or MLAFU) in the eight years of implementation. The implementing agency was led by five different coordinators over the implementation period, along with four financial management specialists and four chief accountants. These turnovers contributed to implementation delays. Annual performance evaluations of the participating cities were also delayed due to capacity constraints at the DGCT. This led to a delay in notifying the ULGs of their allocations. Often, the allocations were different from the amounts reflected in approved ULG budgets. The delays gave ULGs little time to conduct consultative investment prioritization of investments. These discrepancies and delays caused uncertainty and reduced morale at the commune level. The lack of central government commitment to the institutional arrangements became evident during implementation (see also Section 8 on Bank Performance).

Efficiency is rated modest based on the significant operational and administrative delays associated with effectiveness and implementation.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	46.00	52.67 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.



6. Outcome

The relevance of objectives is rated substantial. The project's efficacy in achieving objective 1 is substantial based on evidence that target outcome indicators were mostly achieved or exceeded even as the institutional reform support for a Greater Bamako metropolitan agency and its supporting strategy did not materialize. The project's efficacy in achieving objective 2 is modest based on inadequate or absent evidence on final outcome indicators that measure improved services delivery resulting from the project's infrastructure investments, while recognizing that the completed investments gave residents increased access. The efficiency of the project is rated modest primarily due to implementation delays. The overall outcome of the project is rated moderately satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Risks to development outcomes were heightened by the fragile, conflict, and violence-affected (FCV) status of the country and the ramifications of the Covid-19 pandemic. The following posed specific risks to development outcome:

- **Technical risk from inadequate updating project-introduced technology and systems.** The performance-based system for fiscal transfers introduced institutional improvements in planning, budgeting, municipal finance, service provisions, and accounting and audits of ULGs. The project strengthened the capacity of DGCT to undertake performance assessment. DGCT has also created its M&E unit to support this function. The follow-on Decentralization project mitigated this risk by continuing the implementation of the systems introduced under this project.
- **Financing risk.** DGCT may not be allocated the budget necessary to carry out performance assessments of ULGs. To mitigate this risk, the follow on the Decentralization project has continued to support DGCT and this performance assessment function.
- **Risk of insufficient operations and maintenance (O&M) support for infrastructure investments.** Each commune had an Asset Inventory that included the infrastructure investments implemented under the project. Asset inventories included provisions for maintenance planning. However, many of the communes have not yet launched the management committees and delegations who would provide the O&M of these works. For some with active committees, many have yet to receive technical support, such as counseling and training. Most of the management contracts have not yet been established. Such contracts would cover equipment needed for improving utilities such as electricity, running water, and sanitation. To mitigate this risk, the performance-based grant system was adopted to serve as the platform for intergovernmental transfers to allow communes access to O&M funds on an ongoing basis. Additionally, the current Decentralization Project would be financing activities to improve local government tax collection, improve the fiscal decentralization framework, including continued central government transfers to local governments for O&M and other service delivery support.
- **Risk of weak institutional support.** The UCBMT assisted ULGs municipalities to improve participatory planning, budgeting, and project management for service delivery. Initially, UCBMT was



staffed by both international and national firms. After the MTR, the project confirmed that the national firm had sufficient capacity and was awarded the exclusive responsibility of delivering the UCBMT work program.

- **Risk of losing continued government commitment to decentralization.** State reforms introduced under the project helped increase local government authority and capacity, leading to decentralization of technical services (*le transfert des services techniques déconcentrés aux Collectivités Territoriales*). These were anticipated to help sustain the project's achievements. The addition of the regional technical committee after the MTR helped improve collaboration between national agencies and ULGs. These regional committees added strategic support to communes. For example, Sikasso improved its collaboration with national technical services and established a clear protocol for monitoring overdue projects after implementing the recommendation made by the regional committee. According to the ICR (paragraph 112), this and other protocols established with the help of the regional committees would continue after project closing. In addition, future World Bank and donor commitments to support the government's decentralization agenda would help improve national government capacity. The follow-on Decentralization Project would scale up activities to support 100 communes using a performance-based grants system. Agencies such as the DGCT and the National Investment Agency for Local Authorities (*Agence Nationale d'Investissement des collectivités territoriales* or ANICT) would support the communes across Mali to help address delays in approving municipal budgets in a timely manner and avoid discrepancies between approved budgets and actual allocations received.
- **Risk of insufficient ownership or commitment by other stakeholders.** Prior to this project, personal connections facilitated contract awards with little to no contract management. This project enhanced citizen participation and showed the benefits of transparency and accountability in awarding and managing contracts. This shift in participation and improved capacity would help long-term contract management for each commune, including asset development and maintenance. To mitigate this risk, the follow-on Decentralization Project would continue to support communities and their local councils to continue these consultative practices.
- **Risk from the political fragility and continued conflict in the country.** Ongoing difficulties associated with the political and security situation in Mali pose a high risk to the outcomes achieved by the project. The uncertainty brought by the Covid-19 pandemic also contribute to this high risk.

8. Assessment of Bank Performance

a. Quality-at-Entry

Design was informed by lessons from similar projects implemented in East African countries such as Kenya, Tanzania, and Uganda and in South Asia. Among the lessons that influenced project design included (i) a select number of cities could demonstrate the role of cities in economic growth; (ii) access to grant funds could be tied to improving local institutional performance; and (iii) performance-based grants require maintaining integrity (PAD, paragraphs 42-44). Design built upon the results of three previous Bank-supported urban sector projects in Mali, lessons from the Swiss Agency for Development and Corporation (SDC)'s Social and Urban Development Project in Koutiala, and the government's decentralization and urban development strategies (e.g. SVDM, DCPND, etc.). At preparation, the team sought inputs from local governments and commune-level leadership. Design featured (i) performance-



based fiscal transfers to communes; (ii) published official results of independent annual evaluations of communes; and (iii) strengthened capacity at the commune level by achieving performance targets. Participating cities were selected based on population, economic potential (existence of industrial or special economic zones), and previous Bank experience, along with the government's political consideration to include a city from the northern area, i.e., the city of Gao.

Risks and adequate mitigating measures were identified at appraisal (PAD, paragraphs 57 and 58). Higher level institutional arrangements included a Project Steering Committee (PSC), and a Project Monitoring and Technical Committee (PMTTC). National entities were designated to provide project oversight (e.g., National Department for Pollution and Pest Control (*Direction Nationale du Contrôle des Pollutions et Nuisances* or DNACPN) for safeguards) supported by a small coordination unit. The lack of central government commitment to the institutional arrangements became evident during implementation. The Bank appraisal team did not identify measures to mitigate the risks from limited commitment from central agencies and a continuing ambivalence regarding the role of central government entities in delivering decentralized services. Risks from legislative delays were not adequately assessed.

According to the ICR (paragraph 131), preparation did not provide sufficient time to train ULGs in project management training or allocate more staff to the coordination unit to make up for this capacity constraint, or to adjust targets during the early stage of project implementation. Another shortcoming was in the choice of implementing agency. Both the National Directorate for Local Governments (*Direction nationale des collectivités locales* or DNCT) and the Ministry of Territorial Administration and Local Government (*Ministère de l'Administration Territoriale et des Collectivités Locales* or MATCL) were better equipped than the MLAFU to implement the project. However, that preference would have required establishing a new project coordination unit, rather than continuing the one built under the previous urban projects that was housed at MLAFU (ICR, paragraph 59).

Quality-at-Entry Rating Moderately Satisfactory

b. Quality of supervision

The Bank task team focused on the project impact by (i) locating the project team leader in Bamako for uninterrupted support between formal supervision missions; (ii) semiannual implementation support missions; and (iii) an additional three financial management focused missions. According to the ICR (paragraph 100), adequate supervision inputs and processes were evident in the detailed action plans prepared at the end of each mission for the implementing agency and the government to consider. However, persistent capacity constraints, breakdown in coordination at the national level, and fiduciary and safeguard compliance marked project implementation. For example, in response to the difficulties posed in mobilizing members to attend the PSC and the PMTTC twice a year, to first, validate results from each commune, the second, to approve annual commune work plans and budget; meetings were switched to once a year beginning in 2015. Annual performance evaluations were delayed with discrepancies between announced awards and final allocations. The launch of the mobile team, the UCBMT was delayed by 18 months due to weak procurement capacity. To address procurement capacity



needs, the Bank team and procurement specialists of the coordination team traveled to each city to provide training and support.

The project started in a relatively stable environment but the March 2012 *coup d'état* resulted in a deterioration in security conditions. This event was outside the control of the Bank, the government, or the implementing agency. The project was temporarily suspended until October 2012 (see Section 5 Efficiency above). Poor security conditions worsened the persistent capacity constraints. The Bank's supervision team made considerable efforts to address weak capacity. After the Mid Term Review (MTR), five new ULGs were added to replace the support for the planned Greater Bamako district because of legislative delays. The results framework was updated to increase targets with the scale up to nine cities and account for security difficulties in the city of Gao. At the commune level, an engineer was added to complete the implementation team. Regional Monitoring and Technical Committees were added to support communes. In addition, intensified technical support responded to the continuing capacity constraints in procurement, financial management, safeguards, and M&E of the implementing agency as well as the coordination needs with the communes. These corrective measures helped the achievement of the PDOs (ICR, paragraph 57). The Bank team prepared the way for the follow-on decentralization project.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The theory of change was sound and documented how the key activities (capacity support and infrastructure investment grants) would strengthen the institutional performance of urban local governments. The results framework identified 17 intermediate outcomes or outputs to achieve the PDOs. The outcome indicators mainly focused on improving local government performance designed to access a newly established performance-based grant system (an output). Additional performance-based outcome indicators supported the achievement of objective 1. Citizens were enjoined to help their local government councils prioritize infrastructure investments to be financed under this grant system. Citizens registered their satisfaction with the commune budget process and how local government councils responded to the expressed priorities.

However, the indicators associated with the investments made, while specific, measurable and time-bound, were output and not outcome indicators. There were no indicators to assess the quality, reliability, or affordability, when applicable, of the infrastructure funded. According to the September 3, 2020 Task Team email to IEG, the second objective referred to infrastructure investments and not infrastructure services. Hence the outcome indicator used to show the achievement of the objective referred only to direct beneficiaries served by the added investments. There were no baselines established because the PDO focused on the investments to be identified as part of the project (ICR, paragraph 68). The original singular objective was sound and was revised to capture the infrastructure investments made by the ULGs as part



of achieving the PDOs (ICR, paragraph 13). The original M&E arrangements called for using the government's Statistics and Planning Unit (*Cellule de Planification et de Statistiques* or CdPS) and develop its capacity. The *Outil Informatisé de Suivi-évaluation* (OISE) database, first established with the EU support, was updated and expanded to include indicators from this project's Results Framework (ICR, paragraph 36) and the Urban Sector Database (*Base de données du secteur urbain* or BDSU).

b. M&E Implementation

The Statistics and Planning Unit (*Cellule de Planification et de Statistiques* or CdPS) implemented the project M&E system. The OISE database was expanded to incorporate the project indicators, as planned, along with the BDSU. However, the urban and local government database was not operational. The OISE database was not used to determine annual budget allocations at the commune level, as planned. However, when citizen engagement activities were incorporated as a result of the 2016 restructuring, perception of budgetary processes was added as an intermediate indicator. A baseline study for citizen perception was carried out and surveys were conducted by different NGOs across beneficiary communes. The UCBMT supported the communes in the conduct of citizen perception surveys. The project commissioned another baseline study to assist the General Directorate of Local Governments (*Direction Générale des Collectivités Territoriales* (or DGCT) in assessing ULG performance. DGCT completed four ULG performance assessments.

The implementing agency reported on progress against key indicators through semi-annual reports shared with the World Bank. Capacity constraints at the local level and security conditions led to a heavy reliance on the UCBMT for M&E. At the 2016 restructuring, an M&E specialist augmented implementing agency capacity. In addition, Project Regional Monitoring and Technical Committees (PRMTCs) were added to provide strategic support to the communes at the regional level. Each PRMTC met four times a year, but only three regions (Kayes, Sikasso, and Ségou) continued to hold sessions in 2019.

c. M&E Utilization

M&E data informed project management and decision-making, most evident at the mid-term review and resulting restructuring. When M&E findings indicated legislative setbacks to the achieving the planned Greater Bamako district management activity, resources were redirected to add 5 more ULGs to the original 4 bringing the total to nine participant ULGs plus Bamako. M&E data were used to adjust targets at both restructurings. In the first restructuring, targets increased to account for the 5 ULGs added. In the second restructuring, two targets of the intermediate outcome indicators were reduced because of continuing safety issues in Gao. Value added by the PRMTC in M&E oversight resulted in Sikasso establishing a protocol to monitor overdue projects by availing of national technical services.

On balance, the well-designed M&E performance-based outcome indicators to achieve objective 1 were adequate to overcome the lack of outcome indicators to measure the achievement of objective 2 that only captured the number of beneficiaries. Framed by a fragile environment, M&E implementation and use were adequate, despite capacity shortcomings and persistent security issues. M&E data were used to inform project implementation. The capacities of the communes and DGCT improved. M&E findings



reached beneficiaries as evidenced by outcomes of citizen engagement surveys. By closing, DGCT has assessed the performance of 4 ULGs, a function initially carried out by an independent consultant. DGCT created an M&E unit that would continue in the follow-on Decentralization project.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental and Social Safeguards. The project was classified as category "B" requiring partial assessment. The project triggered OP/BP 4.01, according to the Operations Portal but this was not mentioned in the ICR. The project triggered OP/BP 4.12 Involuntary Resettlement. At preparation, except for Bamako, the exact location, nature, and number of investments and services to be supported by the project were unknown. An Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) were prepared and published. A draft Environmental and Social Impacts Assessment (ESIA) report was prepared for the Bamako component. (PAD, paragraph 86).

The National Directorate of Pollution Control (*Direction Nationale du Contrôle des Pollutions et Nuisances* or DNCPN) under the Ministry of Environment, Waste Management, and Sustainable Development (*Ministère de l'Environnement et de l'Assainissement et du Développement Durable* or MEWMSD) was responsible for safeguards compliance through a Memorandum of Understanding (MOU) with the implementing agency. However, DNCPN, did not have the capacity to fulfill this mandate and could not enforce safeguards measures implemented by communes. Bank supervision missions included regular site visits to address safeguards issues at the commune level. The MTR recommended adding an environmental and social safeguards consultant to support the implementing agency on issues even as the mobile team, the UCBMT, included a safeguards specialist to provide additional support the communes. The MTR also recommended that an environmental and social audit of completed infrastructure sub-projects be carried out. The first audit took place in 2017. A second one was conducted before the project closed. Non-governmental organizations (NGOs) also carried out monitoring missions to ensure citizen consultation, identifying resettlement locations, and implementing compensation packages for project affected people. Lack of safeguards capacity persisted, particularly in Bamako and Kayes, which led to non-compliance with planned safeguards measures. At closing, many Resettlement Action Plans (RAPs) were not implemented or poorly implemented due to lack of ownership of the institutional arrangements. At the community level, non-compliance with safeguards instruments was acknowledged but could not be resolved due to the absence of a formal grievance redress mechanism. In particular, communes did not provide proof that those impacted by new infrastructure investments received appropriate compensation packages. One case remained unresolved at closing although the DNACPN committed to resolving the dispute (ICR, paragraph 84).

The 2019 Audit Report identified a lack of environmental and social safeguards implementation due to limited local government capacity. Non-compliance included three safety violations and one health-related. Several minor non-compliance incidents related to training and awareness (TBC) of municipal councils. A major non-compliance was a lack of formal application of the grievance redress mechanism. Several were settled in court, for example, complaints raised due to blocked access to concessions in Ségou. The 2017



audit laid out a series of recommendations for environmental and social safeguards measures, some of which (e.g., tree planting programs for local youth) were partially or substantially implemented; however, only 50% of Resettlement Action Plans were shown to be appropriately implemented at the commune level based on the 2019 audit. Results of the 2017 and 2019 audits showed improvements but according to the ICR, the Bank team continued to raise safeguards implementation issues in *aide-memoires* and other communications (ICR, paragraph 83).

b. Fiduciary Compliance

Financial Management: The project met requirements for audits and financial reporting after experiencing initial delays. Some difficulties were experienced due to financial management staff turnover, which included four different financial management officers and four accountants. The Bank team held a financial management training to address compliance shortcomings and provided regular support to communes during missions. With the additional on-demand support from the mobile team, overall financial management compliance was achieved.

Procurement: During the initial stage of implementation, none of the ULGs had adequate procurement capacity or experience in contract management. Communes were not familiar with the Bank’s procurement processes and fiduciary standards. An early procurement complaint during the selection of the UCBMT was resolved but delayed its mobilization to October 2013 (plan was March 2012). To address procurement capacity needs, the Bank team and procurement specialists of the implementing agency traveled to each city to provide training and support. The procurement process improved after the MTR to include flexible standards and simplified, case-by-case procedures. These measures allowed for: (i) the use of national procurement processes that follow the Bank’s procurement principles; (ii) simplified procurement arrangements detailed in the Project Implementation Manual (PIM); (iii) the use of consultants for specific tasks; and (iv) the staffing of the mobile team with experts to strengthen procurement capacities of beneficiary local governments. This approach ensured overall compliance while adapting fiduciary standards to local conditions.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	No disagreement. ICR (para 108) concluded that overall Bank



performance was Moderately Satisfactory. However, the ICR datasheet (page 2 of the ICR) reflected Bank Performance as Satisfactory.

Quality of M&E	Substantial	Substantial
Quality of ICR	---	Substantial

12. Lessons

The ICR offered as many as 20 lessons and recommendations that future similar operations may consider. The report presented the lessons into seven categories: operating within a Fragile, Conflict, and Violence-affected (FCV) environment (2); supporting decentralization (7); institutional arrangements (2), project design (3); M&E (2); implementation (2); and compliance with safeguards and fiduciary requirements (2). Some of these lessons are provided below.

- Projects implemented in Fragile, Conflict, and Violence-affected (FCV) countries may benefit from incorporating benchmarks to trigger resource reallocation or restructuring as part of measures to mitigate risks from escalating fragility.** In this project, despite a long history of conflict in Mali, conditions were stable at project start. Shortly thereafter, conditions deteriorated following the 2012 *coup d'état*. Implementation was suspended until implementation could safely resume. Future project design may identify conditions, benchmarks, and indicators that could trigger remote monitoring, restructuring, or resource reallocation. The results framework may include those triggers to achieve the PDO.
- A performance-based grant system may be an effective vehicle to build capacity and provide predictable, transparent inter-governmental transfers.** In this project, the central government assessed the performance of a local government against agreed upon criteria. These criteria aimed to strengthen local government capacity to plan, manage, and deliver services. This periodic assessment facilitated an improved relationship between the central and the local governments. This assessment also helped define an effective role for the central government undertaking decentralization. In addition, this project was restructured to introduce a consultative process in achieving performance-based criteria. This improved citizen participation, fostered accountability, and encouraged transparency. Positive feedback on citizen engagement, including at the neighborhood and village development committees, resulted in their inclusion in the design of the follow-on Decentralization project.
- Risks associated with passing new legal measures may signal the non-readiness of a project activity.** In this project, appropriate laws were still being finalized during project implementation before support could be given to the Greater Bamako district activity. Risks from legislative delays were not adequately assessed and the delay resulted in the activity being dropped. Funds were instead used to add 5 more target ULGs.

13. Assessment Recommended?



No

14. Comments on Quality of ICR

The report was results-oriented, providing numerous examples throughout to emphasize the results and implementation performance of the project. Activities informed the outcomes and linked these effectively to features of the follow-on Decentralization project. Annex 6 provided a discussion on the methodology underpinning the performance-based grant system, which was integrated into the Results Framework. The lessons were based on evidence provided by the project and were linked to ratings and the narrative. These lessons emphasized the challenges in implementing a project in an FCV environment. The outputs and evidence strengthened the narrative and reinforced the ratings of the project although the choice of outcome indicators, particularly under the second objective, left room for improvement. Note that the Task Team confirmed that no outcome indicators were specified for the added objective to capture the investments made by the ULGs. The ICR reinforced the narrative behind the weak capacity and lack of oversight by a national agency by citing the noncompliance with safeguards, inconsistent implementation of individual Resettlement Action Plans, and the absence of the grievance resolution. This shortcoming was mentioned throughout the report - under Bank performance, efficiency, and in meeting environmental and social safeguards. The report failed to mention OP/BP 4.01 among the safeguards triggered although alluded to by the project's category B classification. There were several inconsistencies noted throughout the report - from the satisfactory Bank performance rating in the ICR data sheet (page 2) to the Moderately Satisfactory rating reflected in the main text (ICR, paragraph 108), the number of direct beneficiaries in the main text and in the Annex, as well as the different values in NPVs in the project's economic efficiency section in the main text compared to that in Annex 4.

a. Quality of ICR Rating
Substantial