



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
URBAN LOCAL GOVERNMENT SUPPORT PROJECT
APPROVED ON JUNE 7, 2011
TO
THE REPUBLIC OF MALI

SOCIAL, URBAN, RURAL AND RESILIENCE GLOBAL PRACTICE

AFRICA

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ABBREVIATIONS AND ACRONYMS

LG	Local Government
OSR	Own Source Revenue
PCU	Project Coordination Unit
PDO	Project Development Objective
ULG	Urban Local Government
XDR	Special Drawing Right



BASIC DATA

Product Information

Project ID P116602	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 07-Jun-2011	Current Closing Date 31-Dec-2018

Organizations

Borrower Ministry of Economy and Finance	Responsible Agency Ministry of Urban Planning and Housing
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Project Development Objective (PDO)

Original PDO

The project development objective is to support strengthened institutional performance of targeted urban local governments.

Current PDO

The Revised Project Development Objective is to support strengthened institutional performance of targeted urban local governments and to contribute to improved infrastructure services in targeted cities.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-49660	07-Jun-2011	27-Jul-2011	27-Jan-2012	31-Dec-2018	70.00	59.00	3.28

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Project was approved on June 7, 2011 to cover Bamako and four secondary cities. It was declared effective on January 27, 2012 and had an original closing date of June 30, 2017. A project restructuring was approved by the Board of Directors on November 22, 2016 to modify the PDO and extend the closing date by 18 months to December 31, 2018. At the time, the project was rated Moderately Satisfactory on Progress towards achievement of the Project Development Objective (PDO) and Moderately Unsatisfactory on Implementation Progress. The implementation delays were brought on by a military coup in 2012, low absorptive capacity of local governments (LGs) benefiting from performance-based investment grants, institutional shortcomings and underperformance of project coordination, and lack of progress on intended institutional reforms in Bamako. Support to the latter was dropped from the project.
2. The first project restructuring allowed the project to focus on activities most likely to make substantive progress and included five new cities in the project. The restructuring expanded the scope of the performance-based grant approach with a view to mainstreaming it in the Government's decentralization strategy. Presently the project is rated Moderately Satisfactory on progress towards meeting the PDO and Satisfactory for implementation progress. Ongoing investments are expected to be completed by the current closing date, except for two investments in Kayes (a water network extension and drainage canals), for which construction is expected to be finalized in April 2019. The disbursement rate is 94 percent and LGs benefiting from the project have showed substantially increased performance. In terms of outcomes: (i) based on present projections, investments are expected to benefit 294,000 persons by the current project closing date, substantially more than the initial 88,000 total beneficiaries estimated from initial investments, and (ii) 8 out of 9 secondary LGs have scored at least 75 points during the 2018 performance evaluation (as per the target), showing steady progress of LG performance. Also, the Project Coordination Unit (PCU) developed a more proactive approach to project management, resulting in improved implementation of capacity-building activities, and the Ministry of Decentralization, responsible for the annual performance evaluation of LGs, has developed its capacity sufficiently to carry out the evaluation without external support. Environmental and social safeguards performance has improved over the last year and safeguards issues are being addressed as they arise due to a more proactive approach by the PCU. There are no overdue audits on the project.
3. Based on the improved implementation performance, the Government in its letter dated May 30, 2018 requested the Bank to extend the project by one year and provide additional financing to fund additional activities during this period of extension. Providing additional financing is not possible due to current IDA financing constraints. Extending the project by one year is, however, justified based on the two-fold rationale highlighted by the Government in its letter to the Bank:
 - (a) Deepen mainstreaming of the performance-evaluation mechanism. The Bank is supporting preparation of a Fiscal Decentralization for Better Service Delivery Project, which builds on the performance-evaluation mechanism implemented by the Urban Local Government Support Project. A project extension would allow continuous support to mainstream the key elements of the performance-evaluation mechanism, specifically by providing a platform for continued support while waiting for this new operation to be approved and become effective. To this effect, the proposed extension of the closing date would allow the elaboration of an evaluation manual based on the lessons learned and support the establishment of an actual Performance-Evaluation Department in the Ministry of Decentralization, providing a stronger foundation for the new project to build on. This is in line with the Government's strong focus on decentralization as part of the 2015 peace agreement.



- (b) Availability of funds for further performance-based grants to scale up results. Due to exchange rate fluctuations (the FCFA has depreciated 10.7 percent against the XDR since appraisal) and allocation of initially unallocated funds to investments, the project has funds available for another round of performance-based grants, supporting the above-mentioned mainstreaming of the performance-evaluation mechanism and providing increased direct benefits. In addition to the undisbursed balance (6 percent of project funds), an amount equivalent to USD4.85 million is available from the combined balance of the designated accounts and the balance of performance-based grants on the project cities accounts. The 2018 annual performance evaluation has already been carried out under the project, and LG capacity to put the available resources to productive use (absorptive capacity) has been strengthened over the past two years to a level where finalization of additional investments before the proposed new closing date is likely. These investments are already at an advanced preparation stage and would add an estimated 25,000 beneficiaries to the projected total of 294,000, thereby bringing the expected total number of beneficiaries to 319,000 by the new closing date.
4. The Borrower is committed to complete the additional investments within the proposed extension period, the performance of Project Management is rated Satisfactory and the actions are agreed among all Project participants. The PDO therefore remains achievable.

II. DESCRIPTION OF PROPOSED CHANGES

5. The proposed changes are:
- (a) Extension of the project closing date by 12 months to December 31, 2019. This will amount to a cumulative extension of 30 months from the original closing date and is justified by delays caused by the 2012 coup d'état, the time needed to implement the type of institutional change supported by the project and the strong synergies with other Bank-funded activities in Mali. At the time of the proposed closing date, the project will be 8.5 years of age. Since the cumulative extension period will be more than 24 months, RVP's approval is required.
- (b) Reallocation of funds between components, to allow use of the entire IDA Credit, as follows:
- (i) Reallocation of USD 2.30 million from Component 3 to Component 1.
 - (ii) Reallocation of the unallocated amount of USD 1.75 million to Component 4.
(The unallocated amount of USD 1.75 million was omitted in the first Restructuring Paper dated November 9, 2016 and cannot be added; hence the discrepancy between the current project cost and the proposed project cost in Section IV below.)
- (c) Adjustments to the project results framework to include additional beneficiaries from the additional investments made possible by the proposed project extension and incorporate changes that were omitted in the portal in the first project restructuring in 2016. All indicators are listed as 'revised' in the Results Framework in the present Restructuring Paper, as their end target date has been updated to reflect the new closing date. The values of the following indicators have been revised : (i) Direct project beneficiaries – from 88,000 to 319,000, (ii) number of people in urban areas provided with access to all-season roads – from 60,000 to 131,000, (iii) number of people with access to improved drainage – from 28,000 to 91,600, and (iv) length of roads rehabilitated and drainage constructed – from 6.2 km and 3.3 km respectively to 16.6 km and 44.4 km.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Performance-Based and Capacity Support Grants for Secondary Cities	31.50	Revised	Component 1: Performance-Based and Capacity Support Grants for Secondary Cities	33.80
Component 2: Priority Infrastructure Investment and Capacity Support Grants for Bamako	20.30	No Change	Component 2: Priority Infrastructure Investment and Capacity Support Grants for Bamako	20.30
Component 3: Institutional Capacity Strengthening	12.60	Revised	Component 3: Institutional Capacity Strengthening	10.30
Component 4: Project Management, Monitoring and Evaluation	3.85	Revised	Component 4: Project Management, Monitoring and Evaluation	5.60
TOTAL	68.25			70.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-49660	Effective	30-Jun-2017	31-Dec-2018	31-Dec-2019	30-Apr-2020

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2011	0.00	0.00
2012	1,200,000.00	1,100,000.00
2013	6,000,000.00	5,700,000.00
2014	7,000,000.00	6,400,000.00
2015	12,300,000.00	11,000,000.00
2016	5,800,000.00	6,800,000.00



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2017	14,000,000.00	10,700,000.00
2018	23,700,000.00	17,200,000.00
2019	7,700,000.00	9,800,000.00
2020	0.00	1,300,000.00



Results framework

COUNTRY: Mali

Urban Local Government Support Project

Project Development Objectives(s)

The Revised Project Development Objective is to support strengthened institutional performance of targeted urban local governments and to contribute to improved infrastructure services in targeted cities.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
To support strengthened institutional performance and targeted urban local governments			
A performance-based grant system is established in all project cities and ready to roll out to other ULGs (Number)		0.00	1.00
<i>Action: This indicator has been Revised</i>			
Percentage of urban local governments achieving at least 75 points on the annual performance evaluation. (Percentage)		0.00	90.00
<i>Action: This indicator has been Revised</i>			
Scores on citizen's perception of their engagement with local government councils and their perceptions of urban management (Percentage)		0.00	66.00
<i>Action: This indicator has been Revised</i>			
To contribute to improved infrastructure services in targeted cities			
Direct project beneficiaries (Number)		0.00	319,000.00
<i>Action: This indicator has been Revised</i>			
Female beneficiaries (Percentage)		0.00	50.40



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Component 1: Performance-Based and Capacity Support Grants for Secondary Cities			
Percentage of urban local governments meeting mandatory minimum conditions for access to performance grant funds (Percentage)		0.00	100.00
<i>Action: This indicator has been Revised</i>			
Percentage 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 (Percentage)		0.00	75.00
<i>Action: This indicator has been Revised</i>			
Local governments are informed of the allocations for the subsequent year before the start of the budgeting process (Percentage)		0.00	100.00
<i>Action: This indicator has been Revised</i>			
Municipal budget reports timely generated and acceptable external audits. (Percentage)		0.00	100.00
<i>Action: This indicator has been Revised</i>			
Disaggregated list of investments by type and sector. (Text)		0.00	Yes
<i>Action: This indicator has been Revised</i>			
Asset inventory completed and updated yearly for project secondary cities. (Percentage)		0.00	88.00
<i>Action: This indicator has been Revised</i>			



Indicator Name	DLI	Baseline	End Target
Component 2: Priority Infrastructure Investment and Capacity Support Grants for Bamako (Action: This Component has been Revised)			
Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project (Number)		0.00	131,000.00
<i>Action: This indicator has been Revised</i>			
Roads rehabilitated, Non-rural (Kilometers)		0.00	16.60
<i>Action: This indicator has been Revised</i>			
Number of people with access to improved drainage in the areas served by the project. (Number)		0.00	91,600.00
<i>Action: This indicator has been Revised</i>			
Drainage constructed in kilometers. (Kilometers)		0.00	44.40
<i>Action: This indicator has been Revised</i>			
Asset inventory completed and updated yearly for Bamako. (Number)		0.00	1.00
<i>Action: This indicator has been Revised</i>			
Component 3: Institutional Capacity Strengthening			
Percentage of elected representatives and key LG staff having followed a minimum package of training according to the training plan prepared by each ULG. (Percentage)		0.00	66.00
<i>Action: This indicator has been Revised</i>			
Local government performance assessments conducted on time. (Percentage)		0.00	100.00
<i>Action: This indicator has been Revised</i>			



Indicator Name	DLI	Baseline	End Target
Urban and local government database established and operational with annual reports produced. (Number)		0.00	1.00
Action: This indicator has been Revised			
Performance evaluation of Urban Capacity Building Mobile Team carried out. (Number)		0.00	3.00
Action: This indicator has been Revised			
Part of population at community level (of which female) satisfied with the budgetary processes at commune level (Percentage)		0.00	60.00
Action: This indicator has been Revised			
Of which female (Percentage)		0.00	60.00
Action: This indicator is New			
Performance evaluation carried out by the Direction Générale des Collectivités (Number)		0.00	4.00
Action: This indicator has been Revised			



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