


















Mali Sustainable Urban Water Programme

Cover Note – Follow up on Appraisal – Programme Document

With Annexes

Ingen tidligere fremlæggelse for UPR

<p>Key results:</p> <ul style="list-style-type: none"> Sustainable access to clean water to 262,225 people in the cities of Sikasso, Koutiala and Kayes enhancing health conditions. Improved technical, environmental and financial performance of water schemes by reduced water losses and introduction of green technology solutions. Operation of existing boreholes climate-proofed and new water resources identified and mobilised to ensure longer-term perspective. <p>Justification for support:</p> <ul style="list-style-type: none"> Climate changes adversely affect water availability and constitute a threat to resilience and reduction of poverty Lack of investments combined with high population growth, urbanization, displacement caused by conflict and climate change has led to an increase of urban dwellers, in particular vulnerable IDPs, without adequate access to safe and sustainable water. Dissatisfaction with the State unable to adequately provide basic social services is a factor of destabilisation of Mali. <p>Major risks and challenges:</p> <ul style="list-style-type: none"> Increased security risks Weak public governance Financial viability of SOMAPEP and SOMAGEP 	File No.	2020-37959									
	Country	Mali									
	Responsible Unit	Danish Embassy in Bamako									
	Sector	Water & Sanitation									
		<i>DKK million</i>	2021	2022	2023	2024	2025	Total			
	Commitment	120	120	0	0	0	240				
	Disbursement	56	114	70	XX	XX	240				
	Duration	December 2021-December 2026									
	Finance Act code.	06.34.01.40+06.32.01.20									
	Head of unit	Rolf Holmboe									
	Desk officer	Niels Bossen									
	Reviewed by CFO	YES: Mirja Crone									
	Relevant SDGs										
											
No Poverty		No Hunger		Good Health, Wellbeing		Gender Equality		Clean Water, Sanitation			
											
Affordable Clean Energy		Decent Jobs, Econ. Growth		Industry, Innovation, Infrastructure		Reduced Inequalities		Sustainable Cities, Communities		Responsible Consumption & Production	
											
Climate Action		Life below Water		Life on Land		Peace & Justice, strong Inst.		Partnerships for Goals			

Objectives for stand-alone programme:

- In response to the effects of climate change leading to increasing rarefication of available water resources, secure and develop the water resources for the cities of Kayes, Sikasso and Koutiala through enhanced protection of existing boreholes, introduction of new technologies to reduce CO2 emissions, and exploration and operation of new boreholes to supply the cities.
- Strengthen the resilience, health and living conditions of the populations in urban and peri-urban areas confronted with the effects of climate changes through enhancing coverage and reliability of the public water supply and an equitable distribution of drinking water, in particular to the poorer segments of the population.

	Partner	Total budget: [millions of DKK]
Project 1: Securing drinking water in the cities of Sikasso and Koutiala	SOMAPEP	134
Project 2: Urban water supply and sanitation in Kayes city and neighbouring communes	KfW/SOMAPEP	105

Program support	1
Total	240

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1 Introduction

The present programme document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning Mali Sustainable Urban Water Programme 2022-2026.

The programme has been designed at a time when the coming country Strategic Framework for Denmark's partnership with Mali finds itself at an early stage of preparation. However, the programme is fully aligned with the enhanced Danish focus on supporting access to clean drinking water in fragile contexts where climate change is putting additional pressure on water resources. It further responds to the need to prevent further vulnerabilities to develop in three cities of Southern Mali where a large part of the population and country's economic activity is concentrated. These areas had until recently hardly been affected by the security crises in Mali, but since a couple of years the crisis has affected these regions and in particular Koutiala and Sikasso are becoming red zones.

The programme is conceived in the perspective of climate changes putting increasing pressure on the vital access water and sanitation which, especially in a Sahelian environment, are key to reducing poverty and enhancing the resilience of the population. Hence, a particular emphasis has been given in the programme to address the impacts of climate change through especially adaptive but also mitigating measures.

The programme consists of two projects: 1. Securing drinking water in the cities of Sikasso and Koutiala; and 2. Enhancing urban water supply and sanitation in Kayes city and neighbouring communes. The first project will be financed solely by Denmark whereas the second one will be implemented in a delegated cooperation the German Development Bank, Kreditanstalt Für Wiederaufbau, KfW.

Complementary activities targeting hygiene and sanitation in the intervention zone with a particular focus on health centres and schools will be carried through in 2022 through the existing decentralisation programme.

2 Context, Strategic Considerations, Rationale and Justification

2.1 General Context¹

Since the rebellion in 2012 in the Northern part of Mali and the subsequent military coup, a still larger part of the country has been affected by conflicts and violent extremism, mainly in its northern and central parts. Despite a peace agreement between the government and two rebel coalitions, the "Platform" and the "Coordination", signed in June 2015, today, three fourths of Mali are affected by instability and insecurity.

According to a study commissioned by the Danish Embassy², factors contributing to instability include, among others, increasing competition for natural resources (further aggravated by climate change), challenges related to the cohabitation between IDPs and resident populations in rural areas, growing popular distrust in public institutions, and the absence of public institutions in some rural areas favouring the intrusion of armed groups.

This present situation has led to weakened political and institutional stability, a State that is barely present in large parts of the country, and decreased access to basic social services and dwindling economic opportunities. Today, Mali is in a transitional period after consecutive military coups in August 2020 and May 2021 by the same group of Army officers. The political situation is highly volatile, with planned presidential and parliamentary elections in

¹ See Annex 1 for a more in-depth analysis of the general context.

² Note sur les dynamiques conflictuelles. Royal Danish Embassy in Bamako. April 2021.

February/March 2023 at risk of being postponed against the wish of the international community.

The current crisis is in essence a governance crisis and a result of a number of factors such as insufficient attention given to satisfy the population's needs, an absent or often incompetent or corrupt state apparatus giving room, and the opportunism of violent extremism.

This deficit also affects the State's capacity, in zones where it is still present, to satisfy the needs of the population in terms of justice, security and delivery of basic social services. To this adds that unsanctioned human rights abuses by security forces and the military have underlined the challenges regarding impunity, further contributing to eroding the legitimacy of the State and stimulating the creation of self-defense groups and other forms of traditional justice, not always compatible with human rights principles.

It is estimated that Mali totals 18.8 million inhabitants (2017) and that nearly half of the population is below 15 of age. With the current demographic growth rate (3.6% per year), it is expected that the population will double in 2035, which adds pressure on social service provision and access to natural resources.

The security crisis affecting especially the northern and central parts of Mali has led to a substantial increase of internally displaced people (IDP) moving to safer areas. There is thus a growing pressure on basic social services delivery (health, education and drinking water) and increasingly a risk of conflicts between IDPs and the resident population. It is estimated that 333,000 people in total are internally displaced in Mali. The IDPs are mainly concentrated in the central part of the country, but a bigger movement of displaced people and refugees towards the southern parts of Mali could occur with a worsening of the security situation. However, the influx of IDPs to urban areas in the southern part of Mali has so far remained relatively modest and no camps or particular neighbourhoods have been established for their housing.

Notwithstanding the persistent security crisis, the economy has been resilient with a solid performance of 5.4% in growth between 2015 and 2019 and has been driven mainly by the sub-sectors of agriculture, energy, mining, and transport. Growth deteriorated with the COVID-19 pandemic and the 2020 coup d'Etat, both of which led to a 2% recession in 2020. Growth rates are expected to return towards 5% in 2021 and the following years. Currently, 47% of the population live on less than 1 US\$/day. According to the World Bank, a national economic growth of 7% is required to effectively impact on poverty.

The country has performed poorly in economic equality with a deterioration in the Gini index from 0.34 in 2017 to 0.4 in 2019. The UNDP Human Development Index (HDI) has deteriorated sharply, ranking Mali further down from 175th rank out of 188 countries in 2016 to 184th rank out of 189 countries in 2020. COVID-19 is expected to aggravate poverty by 2.7%, or 800,000 additional poor people (World Bank, 2020) and worsen food insecurity to an additional 0.83 or 1.36 million people.

In spite of significant advances in recent years, Mali's low economic development, limited land suitable for agriculture, and poverty make the country particularly vulnerable to climate change. Climatic changes are already a significant threat to the country's development.

The most highly stressed regions of the country are in those where agriculture is concentrated, including Sikasso, Mopti, and Segou. These regions are critical for the country's continued food security and have high population densities and high levels of poverty. Pastoralism and fisheries being also important sectors in these areas contribute to adding to the fragile water supply-demand balance, which in a situation with more unpredictable rainfalls and scarce water resources might contribute to conflicts between different user groups. Furthermore mining

activities (in particular in the Kayes region) adds to put pressure on water resources and leads to environmental degradation, including pollution of water resources.

Trends in climate change related to changes in the future include:

- Mean annual temperatures across Mali are projected to increase by 1.2 to 3.6° by the 2060s.
- The number of hot days and hot nights are projected to increase across Mali by 23-40% by 2060, and this rate of increase is projected to be more rapid in the south.
- The frequency and intensity of droughts and floods across Mali is likely to further increase.
- The duration of the dry weather periods will change, particularly between November and March, but there is uncertainty as to whether these periods will increase or decrease.
- By now, it is not possible to get a clear picture of precipitation change for Mali in the future. Some models suggest a drying trend, while others suggest a more humid future. What is clear, however, is that the future will increase climate variability and extreme events.

The impact of climate change, which is likely to vary from one region to another and to hit the poorer segments of the population the hardest, includes, among others, increased incidence and intensity of crop pest infestations adversely affecting food security, loss of water quantity and quality, and a deterioration of health conditions as a result of malnutrition and the consequences of insufficient access to clean water and sanitation (water borne diseases such as diarrhea and cholera).

Pressure on the population's resilience is further exacerbated by a general degradation of the environment due to population growth and increased human activity, thus contributing to more difficult living conditions, migration towards urban areas and creating conflicts related to access and use of natural resources.

2.2 Specific Sector Context

With an increase from 63.8% in 2014, to 65.3% in 2015 and 69.6% in 2020, the overall access to drinking water has only improved very slowly over recent years. This modest increase has mainly been driven by improved access to water in urban areas. This stagnation reflects the difficulties in keeping up with the demographic growth on the one hand and insufficient investments funds made available for the sector on the other. This is further exacerbated by climate change causing irregular rainfall patterns and putting pressure on surface water and groundwater table in several areas of the country.

In urban areas managed by SOMAPEP (the state-owned assets company) and SOMAGEP (the state-owned operation and management company), 57% of the population has access to clean water. Out of a total urban population of 6.7 million people in the SOMAPEP/SOMAGEP service area, 2.8 million people thus lack access to public water service delivery. A brief assessment of SOMAPEP as the main partner is included in Annex 2.

According to a World Bank funded study from 2020³, the population in the SOMAPEP/SOMAGEP service area will increase to 12.4 million in 2030 and to 18.6 million in 2040, thus requiring the construction of more than 48,000 household connections and 13,100 public standpipes per year to meet the SDG 6 in 2030. This seems highly unrealistic in view of the present implementation capacity and the scarcity of investment funding.

³ Elaboration d'un plan pour la viabilité financière du secteur de l'eau potable. Rapport final. SOMAPEP/World Bank. October 2020.

The number of urban centres being serviced by SOMAPEP/SOMAGEP has evolved during the last 4 years with the Government's decision, as part of the *Programme d'Urgence Sociales d'Accès à l'Eau Potable* (PUS-AEP), to extend the 18 old centres with 72 new urban centres by 2021 at the latest (61 centres have already been transferred between 2017 and 2019). Access rate in Bamako totals 65% against 64% in average in the old centres (comprising among others Sikasso, Koutiala and Kayes) and 31% in the new urban centres.

The priority given in the national development plan (*Cadre Stratégique pour la Relance Economique et le Développement Durable* - CREDD 2019-2023) to the water sector has materialised in substantial sector budget increases during the last years. Allocations in the national budget to the water sector have increased from 1.23% in 2017, to 2.6% in 2018 and to 3.5% in 2019. Sector investment funding, which is mainly borne by development partners (39% of all sector investments) and households (53%), however, remains insufficient to achieve the SDG 6 in 2030.

The demand for water in the urban areas is growing rapidly due to the demographic growth rate (estimated at 5.2% per year as average for urban areas) and the influx in certain cities due to internal migration and more recently also displaced people. A persistent migration tendency towards the more fertile south means that the cities in the South are growing faster than in the North and Centre. The pressure on available water resources could become a source of conflict between different user groups if not addressed.

Although knowledge remains scarce on the actual impact of climate change on water resources throughout the country, a rarefaction of surface water resources due to higher evaporation of surface water resources as a consequence of average temperature increases and lower groundwater tables in certain areas such as the Sikasso region are observed. At the same time, the country is, as other countries in the sub-region, experiencing more frequent and extreme floods polluting the fragile water resources and droughts adversely impacting the replenishment of ground and surface water resources. In several urban centres, the scarcity of the water combined with a modest yield of the distribution network that is poorly maintained (high number of leakages) not only impacts on the quality of water services but also on the financial sustainability of the water service operator, SOMAGEP.

The *Société Malienne de Patrimoine de l'Eau Potable* (SOMAPEP SA), ensuring public ownership of the water systems and providing investment funding to the sector, is recognised for its technical professionalism. However, an institutional audit carried out in 2019 pointed to some deficiencies in terms of the organisational set-up and human resource management⁴. The financial situation of the company is worrying as it is not able to service its debt and it will, according to the above-mentioned World Bank study on the financial viability of the sector, not be able to provide any, even minor, contribution to funding of new investments in the years to come.

The technical performance of the *Société Malienne de Gestion de l'Eau Potable* (SOMAGEP SA) is, according to the above study, overall satisfactory. Indicators meet the objectives set for the continuity of service, water quality, the establishment of household connections, and recovery of water consumption invoices. Some indicators related to the yield of networks and equipment renewal (networks and connections) lack behind and the ratio for the volume of billed water against the volume of produced water is becoming more and more worrying. Having peaked in 2016 (76%), this ratio is at 69% in 2019 and is thus far behind the objective set out in contractual agreement between SOMAPEP and SOMAGEP (78%).

⁴ See Audit organisationnel de SOMAPEP-SA. Rapport final. World Bank/IDA and SOMAPEP S.A. December 2019.

Financially, the situation of SOMAGEP has worsened since 2017 as revenue generated on the basis of the current tariff grid can only cover expenditure related to energy and remuneration of staff. Even with the subsidies given by the State, the company has during the last two years had a gap totaling 60 FCFA/produced m³, equivalent to 15% of production and distribution costs. The new centres, for which SOMAGEP are responsible since 2017, have added to the financial deficit but the deficit is mainly generated in the old centres as result of water losses in the network and a tariff structure that remains unchanged since 2014. Another factor affecting the financial viability of the company is the volume of unpaid water in public institutions.

With support from the the World Bank a detailed diagnostic of water service delivery in the SOMAPEP/SOMAGEP intervention area has been carried out late 2020 and an action plan aiming at restoring financial viability of the two institutions has been elaborated, The implementation of the plan is still pending.

The need for implementing a larger reform process of the sector, including a revision of the tariff grid, the re-empowerment of the regulatory institution *Commission de Régulation de l'Électricité et de l'Eau* (CREE), and a plan for more efficient personnel management in the companies, is recognised by all parties but little progress has been achieved so far. The development partners have expressed their willingness to provide additional financial resources to the sector but ask for immediate action on the reform process with a view to restoring the financial viability of the two companies and to ensuring the sustainability of investments.

The main development partners providing support to the urban water sector through SOMAPEP and SOMAGEP⁵ are: African Development Bank, World Bank, European Union, Islamic Development Bank, Agence Française de Développement (AFD), KFW, ENABEL, the European Investment Bank, the West African Development Bank and West African Monetary and Economic Union.

The World Bank and AFD constitute the main partners in conducting the dialogue and implementing the sector reform process.

A coordination group comprising main development partners meets on a regular basis to discuss development in the water sector and to exchange information on and planned and ongoing projects. Often international NGOs and the public sector technical institutions are invited to attend the meetings. The group regularly takes stock of the situation in terms of e.g, COVID-19, the security in the regions, climate change and the sector reform process.

Furthermore, a joint committee comprising Government, development partners and NGOs has been established to further strengthen the discussion on urban water sector funding and the implementation of an action plan for institutional sector reforms.

2.3 Justification of the Programme and Strategic Considerations

General Justification of Support to Sustainable Urban Water Supply

Availability of drinking water constitute an important factor in enhancing the resilience of the population, including improved health conditions and poverty reduction. To satisfy the population's need for drinking water in urban areas in Mali and more specifically in the selected programme intervention area is, however, becoming more and more difficult because of the following main factors: a high population growth rate in urban centres, insufficient available funding for construction of new facilities and replacement of old equipment, growing difficulties in mobilising raw water, and a slow pace in implementing needed sector reforms.

⁵<https://www.somapep.ml/projet/projet-dalimentation-en-eau-potable-de-la-ville-de-bamako-a-partir-de-la-localite-de-kabala/>

As a result of the present situation the service level in served neighbourhoods by SOMAGEP throughout Mali is unsatisfactory (unavailability of water in the hot season and frequent water cuts) and progress is slow on extending water distribution networks to yet unserved peripheral zones of the cities.

The present shortcomings both in terms of coverage and service levels further amplify the dissatisfaction with the State unable to fulfill its role as provider of basic social services to the population.

The preparatory project studies carried out in the urban centres of the Southern part of Mali confirm the above trends and point to insufficient available water resources in a medium- and long-term perspective. Especially in Sikasso, lower water tables are observed probably because of climate change. Furthermore, the studies point to a high level of leakages in the water distribution network of the Kayes, Koutiala and Sikasso, thus constituting both a waste of more and more scarce water resources and an additional deepening of the financial losses generated in the operation of the facilities.

The project is conceived based on the following key approaches likely to contribute to prevent a further destabilisation of Mali:

- *Adaptation to and mitigation of the impacts of climate changes.* With the observed changes, there is a need for a more effective protecting and exploitation of existing water resources and of facilities on one hand and the exploration and mobilisation of new resources on the other.
- *Reduction of poverty and of social inequality.* In this perspective priority will be given to extending networks to peripheral neighbourhoods and improving water delivery services levels. Lack of access to safe water all year round especially affects the poorer segments of the population, which are left to either use often polluted water from traditional wells or to buy potable water from private vendors at a price far exceeding the price of the water provided by the public network.
- *Preventing a further weakening of the legitimacy of the State.* This legitimacy is highly questioned by the population as the State is to a large degree perceived as unable to ensure security, a state of law and provision of basic social services, such as health, education and drinking water. These shortcomings could be exploited by religious extremists to further fuel unrest.

Strategic Considerations

Scope of the Programme

In line with the Danish Government's ambition to provide water to 5.8 million Africans before the end of 2024, the projects in Sikasso, Koutiala and Kayes will as a first priority target solving urgent shorter-term problems to the water supply problems of the cities and on identifying new water resources to be mobilised in a medium- and long term perspective.

The programme builds on a past longstanding successful Danish support starting in 1990s to the urban water sub-sector in the Kayes and Sikasso regions (Koutiala was previously part of the Sikasso region). The Danish support to the sub-sector ended in 2015.

With a view to impacting rapidly on poverty of especially poorer segments of the populations and to enhancing the populations' resilience towards the adverse effects of climate change, the projects will include actions to protect the exploitation of existing boreholes, climate proof abstraction and production facilities against e.g. floodings, reduce leakages in distribution networks thus improving cost efficiency of the SOMAGEP, densify the secondary and tertiary networks, construct subsidised household connections and public standpipes in unserved city districts and facilitate the introduction of new technologies based on renewal energy sources.

With a view to a more effective use of existing water resources, assistance will also be given to enhance the environmental protection and safe operation of existing boreholes.

As availability of water is particularly critical in the city of Sikasso because of a rapidly growing demand and lower water tables, hydrogeological investigations aiming at mobilising new high-yielding boreholes able to satisfy the city's water needs in a longer-term perspective will be carried out. A budget allocation to start addressing the longer-term solutions will be available in the project.

Another reason for partly focusing on Sikasso and Koutiala is to build on the historical Danish engagement and lessons learned and to promote synergies in a more geographically integrated approach also in order to prevent the multi-dimensional crisis from spreading further south. Latest security developments indicate that the region is increasingly at risk and that investments in prevention activities are relevant. In the Sahel Alliance, Denmark is donor co-lead for the Sikasso Region and the Sustainable Urban Water Programme will be a contribution to Sahel Alliance efforts in the south.

The project with KfW in Kayes, will be a clear example of and Danish contribution to the Team Europe agenda and EU Joint Programming efforts. The full programme (both projects) will be a contribution to the Team Europe Initiative on Environment and Climate Change.

As mentioned above (see section 2.1), the official number of IDPs is presently low in the targeted cities and no specific camps or neighbourhoods have been established. However, it is difficult to make the difference between internal migration and displacement as very few people register as IDPs. It is expected that IDPs will benefit especially from the public standpipes to be established in the peripheral areas of the cities. Should the influx of IDPs dramatically increase, the programme will envisage to redirect part of the unallocated funds to address emerging needs.

To maximise the impact of the planned interventions in terms of enhancing resilience and health conditions, it is expected that complementary activities targeting an improvement of health and hygiene conditions with a particular focus on health centres and schools in the intervention zone will be formulated upon funding approval from the Danish authorities.

Climate Change Adaptation and Mitigation

As mentioned above, the various models on the impact of climate change in West Africa point to a substantial increase of average temperature and a rise in the number of extreme weather events. These changes are likely to further put pressure on livelihood for large parts of the population. Even though the models vary regarding future changes in rain patterns, the programme is based on a precautionary principle implying that in the design and planning of investments it will be based on the pessimistic assumptions on climate change.

The programme will operationalise this principle through the following actions:

- Implementation of measures to preserve aquifers in order to stop the decrease of yields and overexploitation of boreholes. Aquifers in Southern Mali have a weak storage capacity and are thus very sensitive to change in rain patterns.
- Exploration of alternative resources (including surface water resources) with a view to not only reducing pressure on existing groundwater resources but also to ensuring risk sharing when extreme events (droughts) occur.
- Adaptation of demand to offer through enhanced efficiency in the use of water. The support to reducing water losses in distribution networks in Sikasso and Koutiala will limit the waste of a resource, which, in a pessimistic scenario for climate change, will become still more rare. These actions, which will be initiated as a priority matter at the start of the

project, will furthermore contribute to enhance the financial viability of public water delivery services in the two cities and supplement efforts already provided by SOMAGEP to sensitise the population on the need to reduce waste of water.

- While the above actions are targeting climate change adaptation, the programme will also aim at mitigating climate change. Although a large part of Mali energy (60-70%) is generated on the basis of renewable energy sources (hydro-power), the use of renewable energy sources such as solar power and measures to ensure energy efficiency and reduction of greenhouse gases will be explored in the design of facilities.

Future financial Sustainability of the Water Service Provider

Considering the fragile situation of the SOMAPEP and SOMAGEP, it is important that the programme does not contribute to worsening the financial situation of the two companies, i.e., to augment the volume of water sold at a loss. Therefore, substantial support will be provided to minimising technical leakages in the networks and replacing non-functional water meters. Combined with a substantial increase of the volume of sold water to new and existing customers, these measures will lead to a decrease of the production cost per m³ treated water and to an increase of sold water - thus overall benefitting the financial situation of SOMAGEP.

It is, however, paramount to embark on a sector reform process to enable availability of funding both to cater for the future demand and to maintain and replace existing equipment.

Strengthening Sector Capacity and Support to the Reform Process

Two technical assistance teams (one for Sikasso/Koutiala and one for Kayes) will be recruited to assist the SOMAPEP as the beneficiary in the implementation. As SOMAGEP will be responsible for operating and maintaining the facilities upon completion of works, it will be closely associated to all phases of the projects and will benefit from technical expertise provided by the technical assistance to elaborate procedures for an adequate exploitation of boreholes, implementation of measures to protect the equipment against weather and climate hazards, the elaboration of a priority programme for leakage repair and the identification and introduction of new green technologies.

Initially the programme will not directly support the implementation of sector reforms, but Denmark will contribute to the development partners' dialogue on the implementation of the reform process with the Malian Government through participation in the various coordination and dialogue fora.

According to an internal assessment of needs, the Embassy could consider funding a technical adviser in the sector ministry to support the reform process. The terms of reference for this adviser should be coordinated with the group of development partners in the sector and in particular with the World Bank and AFD, constituting leads partners of the government in the reform process. Possible areas of support to be provided by the adviser could include the elaboration of a new socially equitable tariff structure, the revitalisation of the regulatory committee (CREE) or support to drafting a sector policy/strategy for mainstreaming of climate change related adaptation and mitigation measures in all sector interventions.

Complementarity and Synergy with on-going and future Danish Support

There is a strong complementarity between the programme in Sikasso and Koutiala and the ongoing Danish support to the decentralisation process and the local development activities, which provides support the regional council in Sikasso and supports the construction of rural water schemes in villages in Sikasso, Bougouni and Koutiala, water facilities in rural health centres and the establishment of hydro-agricultural facilities linked to the production of riz. Complementary investments to the Sustainable Urban Water Programme within hygiene and

sanitation will be made through the existing partnership with the Sikasso regional council during 2022.

Denmark is currently in the process of formulating the strategic framework for the future collaboration between Mali and Denmark (2023-2027) and the corresponding portfolio of projects. Although this framework is pending approval, the water programme will support the suggested strategic objectives especially in the area of enhanced resilience of local communities and contribute to an expected holistic prevention approach in the Southern part of Mali. It is foreseen that an integrated development project for the south will work in synergy with the investments made in the water sector programme.

The Sustainable Urban Water Programme is complementary to the “Climate Change Adaptation and Stability in Fragile Border Regions of Mali” project, focusing on green community development fragile rurale areas in the centre and south of Mali with a target of providing clean drinking water to

Linkages with national and Danish Development Policies and Strategies

The water sector constitutes one of the prioritised areas in the CREDD 2019-2023 and the project is in line with the national strategy for water supply that has been approved by the development partners that contribute to the funding of the national investment plan, the *Programme Sectoriel Eau Potable et Assainissement* - PROSEA.

The programme is aligned with Denmark’s development priorities as described in the new Danish development strategy *The World We share*, that focuses on two main priority areas: 1. Prevent and combat poverty, inequality, fragility, conflicts and illegal migration with a particular emphasis on fragile contexts; 2. Be a forerunner in the combat against climate change. The programme is specifically targeting objectives related to improving access to water in fragile contexts (priority area 1), and to the two objectives on adaptation to climate change and strengthened resilience through enhanced access to drinking water (priority area 2).

Furthermore, the programme links to the priority given by Danish government to contributing to the achievement of the SDG 6 for the period 2021-2024. The aim is to provide drinking water to 5.8 million Africans within this period.

Finally, the programme is conceived as a contribution to Alliance Sahel for which Denmark is ensuring the leadership in the Sikasso region. The purpose of this alliance is to stabilise the Southern part of Mali and to re-establish the legitimacy of the State.

OECD-DAC Quality Criteria

The programme has been designed taking into account the the OECD-DAC quality criteria as follows.

Coherence: The programme is coherent with the national priorities in Mali’s development plan and with the national sector strategies. The programme is also in coherence with Denmark’s priorities for its development cooperation and the Danish Embassy’s role as lead in the Alliance Sahel aiming at stabilising the southern part of Mali.

Relevance: Mali is facing challenges in terms of satisfying the need for drinking water to a rapidly growing urban population, thus impacting negatively on its livelihood and increasing the risk of conflicts between different water users. Mali is not in a position to mobilise the required investment funds to keep up with the needs and external investments are highly needed. Ensuring an adequate water service delivery is also challenged by increasing rarefication of available water resources as a result of climate change and the exploration of new resources is a prerequisite for satisfying the water needs in the future. Finally, the

programme is relevant as it is likely to contribute to minimise the popular dissatisfaction with the State, largely seen as unable to provide basic social services.

Effectiveness: The programme projects will be implemented by the SOMAPEP as the institution mandated by Government to handle sector investments and subsequently handed over to the SOMAGEP that is responsible for operation and maintenance of water supply schemes in all major cities throughout the country. The two companies, although experiencing financial problems, are recognised as well-performing.

Efficiency: With a view to optimising the efficiency of the projects, the SOMAPEP will be supported by a technical assistance team, which will implement certain activities, including, among others, design and supervision of works and preparation of tender dossiers.

Impact: Through interventions targeting non-served urban areas and a more sustainable water service in the cities as such, it is expected that the projects will reduce inequality in access to drinking water and on enhancing the livelihood of the targeted population through a near-by access to clean water at a affordable cost. The projects will in particular benefit the living conditions of women and children by reducing distances for fetching water and the incidence of water borne diseases. Through exploration of new water resources, the projects will further pave the way for future development of water service delivery on a sustainable basis.

Sustainability: On the environmental level, the projects will contribute to better safeguarding the quality and use of water resources through establishment of protection zones around the boreholes, implementation of measures to safeguard the installations against weather hazards such as flooding, regulation of boreholes exploitation and through reduction of the wasted water in distribution networks.

A social and environmental impact assessment will be carried out as required by national legislation and a corresponding action plan will be developed and implemented for the construction and operational phases.

On the institutional level, sustainability of the facilities will be sought through implication of the future operator (SOMAGEP) in the project design and implementation phases and through consultation with local government authorities in planning of works related to the distribution network and siting of public standpipes;

On the financial level, the programme is conceived not to deepen the financial deficit of SOMAGEP in the three cities but rather to improve it through: Enhancement of network yield, increase of the volume of sold water, correct billing of consumers and introduction of technologies based on renewable energy sources are measures to achieve this goal.

The long-term financial technical viability of the projects is, however, to a large degree dependant on the government's will to effectively embark on the sector reform process, and in particular on a revision of the tariff grid. Without additional funds in SOMAGEP for repair and renewal of equipment, adequate functionality of the facilities in a longer perspective is at stake. It is to be mentioned, as mentioned below, that the water supply system established more than 20 years ago with assistance from Denmark is still functioning well.

2.4 Past Results and Lessons learned

The Danish engagement in the urban water supply sector in Mali started in the 1990s with the support to the establishment of the water supply facility in Sikasso city and to the establishment of the regional office of the Ministry of Water in the Sikasso region. Boreholes, pumps and water treatment facilities constructed with assistance from the project are fully operational and therefore evidence the quality of supplied materials as well as the ability of the operator to operate and maintain the system.

In a subsequent phase from 2006 to 2009, the Danish support investments targeted both urban and rural water supply with a particular emphasis on empowering local governments in investment planning. The programme further supported the development of new planning and budgeting procedures and tools linked to the medium-term expenditure framework (MTEF) imposed by the Ministry of Economy and Finance.

The Danish supported programme from 2010 to 2015 (extended to 2017) had an emphasis on better national investment programming with a view to gradually enhance equity in terms of access to clean water and sanitation in rural areas. The programme also funded the construction of 39 schemes in peri-urban areas and provided support to strengthening integrated water resources management in Mali. A component of the programme addressing urban water supply through investments in the cities of Sikasso, Kayes, Koutiala and Kati was given with the precondition that management of urban water supply and electricity should be separated from one another. As a result of this process, which was supported by a large number of development partners, the SOMAPEP and the SOMAGEP were created. The quality of works funded by the programme was good in the initial phase (2010-2015) and the programme provided a boost of production capacity, a densification of distribution networks and the installation of a large number of household connections subsidised by the State. In the extension phase (2015-2017), quality of works dropped substantially.

The implementation of the 2010-2017 programme evidenced coordination challenges between the SOMAPEP and the SOMAGEP during the construction phase and at the transfer of the facilities to SOMAGEP. There is thus a need to associate the SOMAGEP from the early stages of an investment project, including in the supervision of works, to ensure that adequate consideration is given to local conditions and future operational implications.

The problems facing the SOMAPEP and the SOMAGEP today also calls for an evaluation of the institutional reform leading to the establishment of the two companies with a view to ensuring the future financial viability of these institutions. This could be organised in the donor group, by preference lead by a leading agency such as e.g. the World Bank.

3 Programme Objectives

The objective of the programme is twofold:

1. In response to the effects of climate change leading to increasing rarefication of available water resources, secure and develop the water resources for the cities of Kayes, Sikasso and Koutiala through enhanced protection of existing boreholes, introduction of new technologies to reduce CO₂ emissions, and exploration and operation of new boreholes to supply the cities.
2. Strengthen the resilience, health and living conditions of the populations in urban and peri-urban areas confronted with the effects of climate changes through enhancing coverage and reliability of the public water supply and an equitable distribution of drinking water, in particular to the poorer segments of the population.

Two projects will be implemented to achieve the programme objectives:

1. Securing drinking water in the cities of Sikasso and Koutiala (Denmark)⁶
2. Urban water supply and sanitation project in Kayes city and neighbouring communes (Delegated cooperation to KfW)⁷

The programme has the following outcomes:

⁶ See draft Project document dated August 2021

⁷ Support to the sanitation component of the KfW project will not be supported by Denmark for budgetary reasons.

1. Health conditions and living conditions of the urban population in Sikasso and Koutiala have improved through better access to clean water, adaptation of public service delivery to the impacts of climate change, and strengthening of in particular the resilience of the poorer segments of the population,
2. A more efficient and effective use of scarce water resources has been obtained by strengthening water production and distribution, service quality levels have improved, and better financial viability of the water schemes has been achieved.
3. Access to water supply (and liquid sanitation) services has been improved for the population in the city of Kayes and neighbouring communes.

4 Theory of Change and key Assumptions

To achieve the expected impact of the programme, i.e. strengthened resilience and health conditions of beneficiaries of the cities of Kayes, Sikasso and Koutiala, the programme will pursue two complementary paths:

1. Based on a pessimistic scenario regarding future availability of water resources as a consequence of climate changes, secure production capacity in a short term perspective and identify new water resources that can match future demand.
2. Increase the proportion of the urban population having an adequate water supply level, i.e. having uninterrupted access to water in their homes or at public standpipes.

The programme is built on the following theory of change:

If availability of water resources currently declining because of climate changes is improved through identification and mobilisation of new resources, protection of existing water resources and effective and secure exploitation of the boreholes,

If production and distribution of drinking water for a fast-growing population in the three cities and optimised through introduction of new green technologies, a reduction of technical losses in the distribution networks and more correct billing of customers,

If the drinking water distribution network is extended to yet non served peripheral neighbourhoods and provided at an affordable price for the poorer segments of the population, and

If quality drinking water is available 24 hours a day/7 days a week in all neighborhoods,

Then living conditions of the targeted urban population and in particular the resilience of vulnerable segments of the population (inhabitants in peripheral neighborhoods, women, children and IDPs) will be sustainably improved and adapted to the impacts of climate changes, the population's perception of the State's ability to ensure basic social services and the financial sustainability of the public drinking water service are likely to improve.

This theory of change is based on the following overall assumptions:

- The Government will pursue the reform process in the sector implying, among others, a revision of the tariff grid, a revitalisation of the regulatory institution, measures to enhance manpower efficiency in the sector, and a solution to the debt problem pertaining to the SOMAPEP and the SOMAGEP.
- Major development partners contributing to sector investments will maintain a close dialogue with the Government to pursue the reform process.
- Local government structures and the SOMAGEP that will eventually be responsible for operating the facilities will be consulted and involved in the design and planning phases.

- Effective measures to prevent corruption and misuse of funds will be put in place in the programme and by the State.
- The security situation will not drastically deteriorate in the programme intervention zone.

5 Summary of the Results Framework

The expected objectives and outcomes are presented below. The Annex 3 comprises the full results framework including outputs.

The Danish contribution to the programme is expected to benefit 262,225 persons (of which 131,500 women) in the programme intervention zone⁸⁹ (Kayes: 55,225 persons, Sikasso: 156,000 and Koutiala: 51,000).

The programme will be implemented over a 4-year period from 2022 to 2026.

Programme	Mali Urban Water Programme
Programme Objective	<ol style="list-style-type: none"> 1. In response to the effects of climate change leading to increasing rarefication of available water resources, secure and develop the water resources for the cities of Kayes, Sikasso and Koutiala through enhanced protection of existing boreholes, introduction of new technologies to reduce CO2 emissions, and exploration and operation of new boreholes to supply the cities. 2. Strengthen the resilience, health and living conditions of the populations in urban and peri-urban areas confronted with the effects of climate changes through enhancing coverage and reliability of the public water supply and an equitable distribution of drinking water, in particular to the poorer segments of the population.
Impact Indicator	Through actions aiming at securing existing water resources increasingly put on pressure as a result of climate changes and at mobilising new water resources, public service delivery of drinking water has been improved in a sustainable and equitable manner and has strengthened the resilience and health conditions of beneficiaries.
Target	<ol style="list-style-type: none"> 1. Full coverage in Sikasso and Koutiala (2025 perspective) and full coverage in Kayes (2030 perspective). 2. Reduction of infant mortality rate.

Project 1	Securing drinking water in the cities of Sikasso and Koutiala
Outcomes	<ol style="list-style-type: none"> 1. Health conditions and living conditions of the urban population in Sikasso and Koutiala have improved through better access to clean water, adaptation of public service delivery to the impacts of climate change, and strengthening of in particular the resilience of the poorer segments of the population, 2. A more efficient and effective use of scarce water resources has been obtained by strengthening water production and distribution, service quality levels have improved, and better financial viability of the water schemes has been achieved.
Outcome indicator	<ol style="list-style-type: none"> 1. % of population with access to safely managed water supply services 2. Incidence of water borne diseases (diarrhea and cholera) has decreased 3. Recovery of SOMAGEP operational costs through tariffs 4. Coverage rate in relation to demand

⁸ This calculation is made on the hypothesis that projected works will make it possible to achieve 100% coverage in the SOMAGEP service areas by 2025. The total number of beneficiaries is thus the number of additional persons gaining access to public water between 2020 and 2025, i.e. persons not served in 2020 and new inhabitants from 2020 til 2025 (population growth). The calculation is based on demographical and technical data presented in 2017-2030 master plans for drinking water supply (SDAEP) for the three cities.

⁹ As the number of internally displaced people remains low in the intervention area and as no refugee camps have been established, it is not possible to calculate the number of beneficiaries. The construction of public standpipes is likely to ensure access to safe water for this segment of the population.

Baseline	Year	2020	1. < 51% (Sikasso), < 29% (Koutiala) ¹⁰ 2. To be determined 3. 70 % 4. 67 % (Sikasso), 47 % (Koutiala) ¹¹
Target	Year	2026	1. 60% (Sikasso), 35% (Koutiala) ¹² 2. To be determined 3. 100 % 4. >100% for each city ¹³

Project 2	Urban water supply and sanitation programme in peri-urban areas		
Outcome	Access to water supply and liquid sanitation services has been improved for the population in the city of Kayes and neighbouring communes		
Outcome indicator	1. Number of persons having gained access or having gained improved access to drinking water services 2. Water Quality meets national norms 3. New temporary and permanent jobs have been created through the project		
Baseline	Year	2020	1. 0 2. To be assessed at project start 3. 0
Target	Year	2026	1. 117,500 (47% Danish Funding = 55.225) 2. 98 % 3. 200 temporary jobs and 25 permanent jobs

6 Inputs/Budget

The total Danish contribution to the programme amounts to DKK 240 million of which DKK 105 million will be managed by KfW through a delegated cooperation arrangement.

Total budget in DKK

	Danemark	Partenaires/PTF
Project 1: Securing drinking water in the cities of Sikasso and Koutiala	134.000.000	
Output1 ¹⁴ : Water supply delivery has been improved in Sikasso and Koutiala including in surrounding peri-urban areas.	113,900,000	
Output 2: Technical losses have been reduced in networks	4,600,000	
Output 3: Measures to ensure a sustainable exploitation of the aquifers resilient to climate change have been implemented and measures to green water production have been identified and mainstreamed into construction activities	Included in TA	
Output 4: Water resources able to satisfy long-term demand for water in Sikasso and Koutiala have been identified taking into account possible adverse effects of climate change	Included in TA	
Technical Assistance	14,000,000	

¹⁰ Indicator calculated by dividing the number of persons served through a household connection (10 persons per connection) with the size of the centre.

¹¹ Calculated as follows: production x network yield / demand for water.

¹² Targets defined in the master plan for each of the two cities.

¹³ The project targets full coverage of water needs in a 2025 perspective.

¹⁴ To ensure maximum flexibility in the implementation of the project, an unallocated amount totalling DKK 28 million is included in Outcome 1 primarily for additional works in Sikasso to ensure a design horizon beyond 2025 provided investigations show that additional water resources can be mobilised. Otherwise, the amount will be targeted for works in Koutiala.

Support to SOMAPEP/SOMAGEP	1,500,000	
Project 2: Urban water supply and sanitation project in Kayes city and neighbouring communes¹⁵	105,000,000	€ 13,500,000 (KfW)+ FCFA 767,000.000 (Mali)
Outcome 3 Access to water supply and liquid sanitation services has been improved for the population in the city of Kayes and neighbouring communes		
Output 1: Production, storage and distribution capacity designed to ensure continuous water supply (24/24 and 7/7) in a 2030 perspective		
Output 2: Operational water supply infrastructure		
Output 3: Income on water sale has increased		
Programme support, reviews, studies	1,000,000	
Total	240,000,000	

Please see Annex 3 for details on the outputs.

7 Institutional and Management Arrangement

SOMAPEP, as the national structure entrusted with the responsibility for developing the urban water supply sector, will ensure overall management of both projects and thus be responsible for programming, implementation, monitoring and reporting.

The Danish Embassy in Mali shall have the right to carry out any technical or financial supervision mission that is considered necessary to monitor the implementation of the programme.

After the termination of the programme support the Danish Embassy in Mali reserves the right to carry out evaluations.

The Danish Embassy will participate in donor meetings and meetings between development partners and the Government.

Project 1:

In the inception period, SOMAPEP will establish an internal project unit to manage and monitor the project, including on-site supervision of construction works. A budget will be made available by Denmark to this unit to cover expenses related to carrying out its tasks.

A technical assistance team comprising long-term and short-term consultants will assist the SOMAPEP in managing and monitoring the project. The team will furthermore be responsible for all studies and works to be carried out.

A steering committee comprising the SOMAPEP, the SOMAGEP and the Danish Embassy will be established for the Sikasso/Koutiala project. The committee will meet every three months.

Local government in the two cities will be associated to the prioritisation of new neighbourhoods to be connected, to the siting of the tertiary distribution network, to the siting of public standpipes and to implementing management modalities for these standpipes.

Project 2:

¹⁵ Water supply component of the programme only.

Management of the project, which has a duration of 5 years (2022-2026), will be carried out by the KfW through SOMAPEP as implementing agency. Based on the provisions in a joint financial agreement, the Danish Embassy will participate in steering committee meetings and technical reviews and receive all documentation related to physical and financial progress of the project.

8 Financial Management, Planning, Monitoring and Reporting

Project 1:

The funds will be managed according to the objectives, outcomes, outputs, as well as to the agreed budget as outlined in the project documents. The funds will be managed using SOMAPEP's procedures for programming, monitoring and financial accounting based on an administrative and financial management manual to be developed in the inception phase, respecting the Danish Financial Management guidelines and guidelines for programmes. A non-objection notification will be given by the Danish Embassy to all work contracts on the basis of recommendations from the technical assistance team.

An inception report will be presented by SOMAPEP five months after start of the project. This report will update project planning, provide the manual for the administrative and financial management procedures of the project, steps taken to establish the internal project unit, and procedures for ensuring SOMAGEP participation in project implementation.

To assess progress and challenges, the SOMAPEP will in collaboration with the SOMAGEP and the technical assistance team draft quarterly and annual reports, the latter comprising a more in-depth assessment of progress on achieving the objectives and outputs of the project.

A mid-term review of the programme will be commissioned by the Danish Embassy.

A final report will be presented by SOMAPEP no later than three months upon completion of the project.

The Danish Embassy will commission annual audits of project expenditure and, if deemed necessary, value for money studies.

Both parties will strive for full alignment of the Danish support to the implementing partner rules and procedures, while respecting sound international principles for financial management and reporting.

Project 2:

The funds will be managed using KfW's procedures for programming, monitoring and financial accounting.

The KfW is the lead donor and may enter into agreements with implementing partners. These agreements will clearly state the Danish co-financing of the Programme and KfW's authority to represent the Donors in accordance with the agreement, further detailed in the delegated cooperation. KfW carries the overall responsibility and liability for the implementation of the agreements.

Inception review:

An inception review will be organised 6-12 months after the start of the programme to: 1. Assess the operational measures/amendments of the programme suggested in the inception report, 2. Assess the validity of the risks and the mitigation measures suggested for the

programme, and 3. Provide guidance on the overall future development of the programme especially based on the evolution of the security and political situation.

When the Danish bilateral development program for the period 2023-2027 is operational, a continuous assessment of the present programme, especially in terms of the development of the political and security situation, will be carried out through the MEAL mechanism established for all bilateral support within the cooperation between Mali and Denmark.

Mid-term Review of the Programme:

The Danish Embassy will organise a mid-term review of the project in Sikasso and Koutiala and discuss options for extending this review to also include the Kayes project with the KfW.

9 Risk Management

The following main contextual risks have been identified. The detailed risk matrix including all contextual, programmatic and institutional risks is included in Annex 4.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Contextual Risks					
A continued destabilisation of the Mali	Likely	Major	Continuous monitoring of the situation in close coordination with other development partners. Support to restore the population's faith in the ability of the State to provide social basic services. If insecurity spreads to the southern part of the country and/or if there is a further deterioration of the political situation, a redesign or closure of the programme could be become necessary.	Major	The southern part of Mali is increasingly at risk for violent extremism and it is uncertain whether the government and security forces can maintain the southern part of Mali as a relatively secure and peaceful area. Discontentment in the population regarding the State's ability to provide justice, security and basic social services could be exploited by religious extremists to fuel further social and political unrest.
A deterioration of the political crisis and relations with international community	Possible	Major	Continuous monitoring of the situation in close coordination with other development partners. Preparedness for adaptation of programmes e.g. working more directly with populations through non-government or local government actors, change of geographic intervention zones etc.	Medium	The democratic transition after the August 2020 coup d'état is currently at risk of being delayed, at worse for a long period. The relationship between the current Malian government and the West is increasingly tense including on the security agenda. In a worst case scenario, cooperation with Mali is at risk.
A further degradation of public governance and increased corruption	Likely	Major	Address governance in projects through implementation of adequate measures such close monitoring through regular progress and financial reporting and value for money studies. The TA will further be responsible for supervision and approval of procurement and on carrying out compliance controls in partner organisation.	Minor	Corruption in public procurement and petty corruption are common in Mali. In 2020, Mali ranked 129 th out of 180 countries in TI's Corruption Perceptions Index. National anti-corruption provisions are poorly enforced. The current destabilisation of public administration leading among others to weak presence of the State in large part of the country increases risks related to poor governance and corruption.
Securing the financial viability of SOMAPEP and SOMAGEP is not addressed by government	Likely	Major	The group of sector donors are continuously putting pressure on government to engage the reform process based on a plan for enhancing financial viability funded by the World Bank.	Major	The fragile financial situation of SOMAPEP and SOMAGEP is widely recognised and excludes domestic public funding of new sector investments and negatively affects repair and renewal of technical equipment. The identified needed

					sector reform process has not yet gained momentum.
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Even though a deterioration of the security situation is observed, the southern part of Mali is still relatively safe and less prone to conflict than the central and northern parts of the country and cities are in general relatively well protected from violent extremist activities. To this adds uncertainty on the development of the political situation and the prospects for a democratic transition.

In case of a dramatic deterioration of the security and/or the political situation in the programme intervention zone, four scenarios could be likely:

1. If the technical assistance teams are to be withdrawn due to the security situation, reformulation of programme to allow SOMAPEP and SOMAGEP to continue certain programme activities while ensuring transparency and accountability.
2. If the State loses control of the targeted urban centres, repositioning of the programme on secure zones, i.e. Bamako or urban centres located close to the capital (Koulikoro, Bougouni, Kati, etc.). All these centres have peripheral neighbourhoods without access to public water and a huge demand for additional standpipes and household connections.
3. If the collaboration with the Malian central government is put at risk due to the political situation, working through alternative partnerships e.g. with private actors, NGOs or directly with local communities.
4. A termination of the programme.

10 Closure

At the end of the projects, SOMAPEP will transfer the responsibility for operating and maintaining the facilities to the SOMAGEP as stipulated in the general agreement between the two companies.

11 Short Summary of Projects

Project 1	Securing drinking water in the cities of Sikasso and Koutiala
Outcomes	<ol style="list-style-type: none"> 1. Health conditions and living conditions of the urban population in Sikasso and Koutiala have improved through better access to clean water, adaptation of public service delivery to the impacts of climate change, and strengthening of in particular the resilience of the poorer segments of the population, 2. A more efficient and effective use of scarce water resources has been obtained by strengthening water production and distribution, service quality levels have improved, and better financial viability of the water schemes has been achieved.
Project content (outputs)	<ol style="list-style-type: none"> 1. Water supply delivery has been improved in Sikasso and Koutiala and in surrounding peri-urban areas in particular. 2. Water resources able to satisfy long-term demand for water in Sikasso and Koutiala have been identified taking into account possible adverse effects of climate change. 3. Measures to ensure a sustainable exploitation of the aquifers resilient to climate change have been implemented 4. Technical losses have been reduced in networks 5. Options for using green technologies will be explored and implemented.
Implementing partner and management	<p>SOMAPEP with assistance from a technical assistance team comprising international and national/regional staff.</p> <p>A project administrative and financial manual will be elaborated during the inception phase and progress monitored through quarterly reports. A steering committee will monitor progress</p>
Budget	134 million DKK
Project period	2022-2026 – 4 years
Risks and risk response	See Annex 4
Closure	Installations will be transferred to SOMAGEP management upon completion of works.

Project 2	Urban Water Supply and Sanitation Programme in peri-urban Areas
Outcome	Access to water supply and liquid sanitation services has been improved for the population in the city of Kayes and neighbouring communes
Project content (outputs) – water component	<ol style="list-style-type: none"> 1. Production, storage and distribution capacity designed to ensure continuous water supply (24/24 and 7/7) in a 2030 perspective even with more frequent variations in rainfall 2. Operational water supply infrastructure 3. Income on water sale has increased
Main project features (water component)	<ol style="list-style-type: none"> 1. Construction of new treatment station 2. Rehabilitation of existing treatment station 3. Enhanced water storage capacity (Construction of water towers) 4. Extension and densification of distribution networks and construction of household connections. 5. Technical support to implement and monitor investments, to sensitise target population and to strengthen capacity of national institutions

Implementing partner and management	SOMAPEP. Danish funds will be channeled through KfW in a delegated cooperation agreement between the two development partners. A steering committee will be established and monitor progress through quarterly reports
Budget (water component)	Approximately € 30 million of which approximately € 14 million from Denmark
Project period	2022-2026
Closure	Installations will be transferred to SOMAGEP management upon completion of works.

Annexes

Annex 1: Context Analysis

1. Overall Development Challenges, Opportunities and Risks :

- **General development challenges including poverty, equality/inequality, national development plans/poverty reduction strategy, humanitarian assessment.**

Mali is among the poorest countries in the world, covering a large area of substantial climate variance between the deserts in the north to the more fertile agricultural lands in the south. The population consists of a variety of ethnic groups, with the southern part being the most densely populated. The main ethnic groups of Mali are the Mande, including the Bambara, Malinke, and Sarakole, accounting for 50% of the total population. Other groups include the Peul (or Fulani), accounting for 17%; the Voltaic, making up 12%; the Songhai, constituting 6%; the Tuareg and Moor 10%; and other groups 5%.

Historically, regional, livelihood, ethnic and political differences have challenged the unity of Mali, but during the first decade of the new millennium, Mali still enjoyed a period of relatively stable political and economic development with peaceful transfers of power.

Today Mali is suffering from what is referred to as a “multidimensional crisis”, i.e. with interlinkages between poor governance and a political crisis, heightened insecurity and de facto control by a number of armed groups ranging from community self-defence groups, militant Islamist and political groups, as well as criminal gangs controlling areas and resources in a large part of the Sahel. Trafficking is prolific in the wider Sahel region especially in the North of Mali where the Malian State is de facto absent. Over time, the political, economic and security issues coupled with climate changes create new challenges in a vicious circle and have a negative impact on development in Mali. Overall, the context of insecurity in Mali multiplies the development challenges.

In terms of economic sectors, the Malian economy relies on agriculture and mining Gold makes up some 70 per cent of total exports¹⁶, Agricultural activities occupy 90% of Mali's labour force and provide 42% of the GDP¹⁷. Cotton and livestock make up 75%-80% of Mali's annual exports within agriculture, and small-scale traditional farming dominates the agricultural sector, with subsistence farming (of cereals, primarily sorghum, pearl millet, and maize) on about 90% of the total area under cultivation. The most productive agricultural area lies along the banks of the Niger River between Bamako and Mopti and extends south to the borders of Guinea, Ivory Coast, and Burkina Faso. This area is most important for the production of cotton, rice, pearl millet, maize, vegetables, tobacco and tree crops.

Among the key drivers of social change in Mali is a very high demographic growth (3%) with the population making up some 19 mill. by 2020. An estimated 45% of the population currently live in extreme poverty. Relatively consistent economic growth rates of 5-6% per year before the onset

¹⁶ <https://tradingeconomics.com/mali/exports>, 2020

¹⁷ www.globaltenders.com/economy-of-mali.php/ - states 80 per cent, while PS Mali states 90 %

of the COVID-19 pandemic and the 2020 coup d'état have been undermined by demographic growth that puts pressure on social services and natural resources – critically is the failed public education system that has gradually been closing due to insecurity or taken over by low quality private and community actors. It is estimated that 2/3 of Malian youth are illiterate.

Another structural challenge is the impact of climate change, which results in an ever-increasing pressure on natural resources. Human activity is an active driver in deteriorating climate, and the inherent processes of climate change unfortunately exacerbates the situation to reach new and alarming levels of scarcity and insecurity in a vicious circle. Today, the estimated resources needed for climate change adaptation for the period 2020-2030 in Mali are estimated to be some 12 bill. USD¹⁸.

In 2012, an uprising in the north combined with a military take-over in Bamako marked the beginning of a new era with political instability and heightened security risks. The region had already been troubled by lack of security for a number of years, however, from 2012 onwards these challenges disrupted stability in Mali in a much more profound and prolonged way and not just limited to the north. While the Tuareg population attempted to separate, a military coup led by junior officers put Mali into a simultaneous political crisis in 2012. These events were spurred by structural and existing conflicts within Mali, but the ability of armed groups to launch a campaign for independence in the north were closely connected to events in Libya that made the mobilisation and access to arms possible for the separatist movement. Since 2012, there has been an upsurge in violent groups, and attacks in the central regions of Mali, which is also now seen to move further west and south towards the borders with the bay of Guinea coastal countries. The lack of trust and the absence of the Malian state in many communities, coupled with a weaker presence during the recent years of crisis, have increased tensions and conflict between communities and within them, and resulted in a continuous increase of conflict over time.

After the coup d'état in 2012, a somewhat stable and democratic rule was restored in Mali with the election of president IBK in 2013 supported by the international community, including the signing of the peace agreement with armed groups in Northern Mali in 2015. The operations of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) date back to July 2014.¹⁹

Still, the underlying causes for instability remained as many drivers for inequality and creation of conflict have existed throughout the independence period from 1960 onwards and gradually worsened over time:

- the political regime is driven by elites that have not been able to meet the expectations from all segments of the population. To the extent that grievances have been expressed, and groups mobilized and organized in opposition, these groups have been absorbed by the political elites but without making substantial changes. The centralized nature of the Malian administrations mean that remote areas, and areas with many different population groups have not been able to participate much in political decision-making²⁰

¹⁸ Mali NDC/UNFCCC 2015-2020

¹⁹ World Bank: <https://www.worldbank.org/en/country/mali/overview>

²⁰ Evaluation des risques et de la résilience dans la région du Sahel, Sahel Alliance 2020

- access to land and resources is from the outset concentrated on few hands in Mali. Conflicts over land between sedentary agriculture and nomadic livestock owners makes up traditional conflict in Mali, but with demographic growth and climate change, competition over resources has become more intense. Focus on agriculture or the extractive industries have also lead to speculation and rising levels of inequality, which has become an active driver for more conflict over time.
- access to basic services is uneven between different areas in Mali, with marked differences between the South and Central Mali, and between Central and North Mali. Access to services has either been non-existent in some areas – despite many years of decentralization and deconcentration in Mali – or in the form of poorer services to marginalized areas in terms of health, education or infrastructure development.²¹
- impunity and lack of access to justice is also a driver for conflict. The continued practice of impunity, the experience of unfair and abusive treatment of some groups, lack of access to justice for women etc, eventually provide the basis for violent confrontations and escalation of conflict.

These drivers of conflict invariably impact on the implementation of national development plans, and in some cases efforts to stimulate certain sectors of e.g. agriculture, which would ideally benefit and reach out to many vulnerable groups, can instead activate speculation in resources such as land, water and infrastructure to further benefit an elite and exclude large segments of the population.

2018 marked the end of Ibrahim Boubacar Keita's (IBK) first electoral mandate. Despite the difficulties of preparations, threats and public concern, the elections of 2018 were held throughout the national territory with the exception of certain constituencies in the regions of Mopti, Gao and Kidal. IBK decisively won his second term in a second round against the opponent Soumaïla Cissé.

2020 was marked by the occurrence of the risk of socio-political instability. Starting with the contestation of the results of the March 2020 parliamentary elections that led to demonstrations throughout the country, the upheaval of the socio-political situation reached its climax on 18 August 2020 with a coup d'état in which President IBK was forced to resign.

Following the coup d'état, a transitional government was put in place in October 2020 with the purpose of steering the country through an 18-month transition to democratic elections. This solution was negotiated, in essence, between ECOWAS and the military officers responsible for the coup. The transition is planned to end in March 2022 with presidential elections, despite the process being interrupted again in May 2021, where the military intervened again and made changes in the transition government. According to the transitional government, the aim of the transition is to initiate longstanding political and institutional reforms, work to improve the security situation throughout the country and specifically speed up the implementation of the Peace Agreement regarding Northern Mali. Mali's development context will be determined and impacted by response to some key questions in the near future :

- Will the political transition process work to plan and bring about the much needed initiation of reforms?
- Can the multiple consequences directly impacting the living conditions of the population (education, health, social cohesion, violation of rights) be counterbalanced by community and local resilience to bring about workable results to problems that can be scaled up?

²¹ Decentralisation is the delegation of power to local governments, while deconcentration is the delegation of power within ministries to local units within their particular area.

- Will the implementation of the Algiers agreement have a positive impact on the dire conflict situation throughout the country, not just the North, and thus help to pave the way for a return to government?
- Can a stronger focus on women, youth and the emerging new civil society in the development policies unleash an impetus for change?
- The COVID-19 pandemic has impacted all the country's development sectors as well as the implementation mechanisms of cooperation projects and programs. Can Mali find a way to exit from the pandemic and an emerge on a path of inclusive, green economic growth?

- **Development in key economic indicators; GDP, economic growth, employment, domestic resource mobilization, debt etc. The diversity of the economy.**

The Malian economy is characterized by a high level of informality, with a very small formal and organised labour market. Agriculture is the largest sector and provides a livelihood for the majority of the population.

90% of the Malian population depend on agriculture or livestock for their livelihood²². These primary sectors are extremely vulnerable to weather conditions and already experiencing the effects of climate change. Mining has long been an important aspect of the Malian economy and public revenue. Gold, the largest source of Malian exports, 72 % of total exports²³, is mined mainly in the southwestern region,. While great incomes are produced, most staff employed in the mining industries are from outside Mali, and residents in the areas of intensive mining complain of little benefit from the industry.²⁴ Apart from the formal mining sector, it is estimated that 50% of the mining takes places in informal open pit or river mining, a sector attracting very large numbers of young Malians and unfortunately often run by mafia-like organisations or even extremist groups. As a consequence, the Malian state misses out on what would otherwise be one of the key sectors for economic growth and export earnings.

Industrial development is a major challenge in Mali, with the processing only making up around 8% of the economy. Formal sector employment makes up approx. 50,000 people. The large majority of the economy is taking place in the informal sector resulting in unfair competition and massive losses in public revenue. Despite measures by the government to improve the business climate (e.g. through the introduction of a one-stop shop for new investors/enterprises, and openness to foreign investors), the World Bank Doing Business 2018 ranks Mali 148 out of 190 countries.²⁵

Despite the steady improvement in agricultural production in recent years, the food security situation in Mali appears structurally poor and is worsening. In fact, outside of crisis years, in normal times nearly half a million people are in a situation of severe food insecurity each year. However, according to official data²⁶, food availability is assured in terms of quantity. This raises questions about the quality of food rations (unbalanced rations), geographic distribution (some regions are structurally deficient, such as Timbuktu and Gao, with 11% of their population in a

²² Mali PS programme/source

²³ [Mali Exports | 2001-2020 Data | 2021-2023 Forecast | Historical | Chart | News \(tradingeconomics.com\)](#)

²⁴ www.globaltenders.com/economy-of-mali.php/

²⁵ [Ease of Doing Business in Mali | 2008-2019 Data | 2020-2021 Forecast | Historical \(tradingeconomics.com\)](#) [Ease of Doing Business in Mali | 2008-2019 Data | 2020-2021 Forecast | Historical \(tradingeconomics.com\)](#)

²⁶ Estimate of cereal production, Ministry of Agriculture

situation of severe food insecurity), and accessibility to foodstuffs via markets. Finally, insecurity is weighing on the productive capacities of agricultural areas that have been abandoned and where transhumance or access to market has deteriorated or become impossible.

The private sector comprises mainly small informal family-based enterprises with little potential to move beyond a subsistence economy. Other problems hampering private sector growth include: the breadth of corruption (ranked 129 out of 180 in the Corruption Perception Index), lack of technical and vocational skills, lack of access to financing, cumbersome regulatory and fiscal procedures, a rudimentary judiciary system and an insufficient public infrastructure network.

The COVID–19 pandemic and the political turbulence leading to a trade embargo on Mali for several months drove the economy down from a steady annual growth rate, 5.1% in real GDP in 2019 to a recession in which real GDP shrank by 2% in 2020—a loss of 7.1 percentage points.²⁷ This recession was driven by a contraction of 3.5% in the secondary sector and of 5.5% in the tertiary sector, a falloff in net exports, and a contraction in public investment as public programme resources were diverted to social sectors. The recession was also attributable to a decline in private investment and private consumption. Additionally Mali faced a severe drop in cotton prices, cotton being Malis second largest export, which was only partly mitigated by the increase in gold prices.

The budget deficit deteriorated sharply from –1.8% of GDP in 2019 to –6.1% of GDP in 2020, mainly because of lower tax revenue. The financing need for 2020 will be covered at 97.3%—through budget support from the European Union, International Monetary Fund, the World Bank, the African Development Bank, and the West African Development Bank. The current account deficit, however, improved from –4.2% of GDP in 2019 to –1.7% of GDP in 2020, mainly because of a massive drop of 14% in imports and a tiny decrease of only 0.3% in exports.

A gradual fall of COVID–19 at the start of the second half of 2021 would allow the recovery of the global economy, real GDP in Mali could grow by 4.0% in 2021 and 5.7% in 2022. The budget deficit would narrow to –4.5% of GDP in 2021 and –3.1% of GDP in 2022, with tax revenue revived by the resumption of formal economic activity and reforms.²⁸

Public debt is expected to increase from 40.5% of GDP in 2019 to 44.8% of GDP in 2020 in response to the health and political crises. Tax revenues are low, at 13.3% of GDP in 2020 compared with a regional standard of 20%, which offers plenty of space for reforms to improve the revenue collection and broaden the tax base.²⁹

According to OECD data (2019),³⁰ total assistance to Mali is USD 1,863 million (net ODA equivalent to DKK 7.4 billion), corresponding to 10.4% of GDP and 38% of the state budget with only a small part going through the state budget³¹. By 2019, Denmark was the 7th largest among the bilateral donors and accounted for 2.3% of total aid (DKK 249 million paid)³². The WB Group, the EU and the US were the biggest donors

- Demographic trends

²⁷ African Economic Outlook, 2021- Mali

²⁸ African Economic Outlook 2021

²⁹ As above

³⁰ Workbook: OECD DAC Aid at a glance by recipient_new (tableau.com)

³¹ Country Programmable Aid (CPA) (oecd.org)

³² OCED STAT

Mali has a very high population growth: With an estimated 19 million people in 2019,³³ nearly half of the population is under 15 years old. The fertility rate is 6.4 children per woman. With a population growth rate of 3 % per year³⁴, Mali's population will double by 2035 and triple in the next 50 years to reach 56 million. In 1950 there were 4.7 million people in Mali, i.e. a quadrupling within 70 years. Population growth already places great pressure on natural resources and on social and economic infrastructure with negative influence on conflict and increased emigration as a consequence. Because of cultural and religious interference, policy development and implementation remains difficult on the area of demographic growth.

- **Status and progress in relation to SDGs, in particular those that are special priorities for Denmark.**

Mali faces major challenges reaching its SDGs targets. 3/4 of the Malian territory (and 1/3 of the population) are currently in a situation of instability and insecurity in the North and Center. These areas are no longer or only weakly covered by the Malian State (only around a 1/3 of the civil administrators in the North and Center are in their place of assignment). Based on Mali's reporting to the UN, the data for the individual SDGs and their related objectives originate in the period 2015-2019 covering a five-year period.

- **State of democracy; what is the most important political and democratic trends in the specific context** incl. regime persistence, political inclusiveness and government accountability

In Mali, substantial power is vested in the executive, with a high proportion of power directly under the president. The judicial and legislative powers play a less prominent role, and their independence is often limited. Other institutions exist as a counterweight such as the national human rights institution. However, such institutions also have limitations in entering in conflicts, such as e.g. cases of impunity related to violations by the Malian army. Other examples are labour unions, who often support different political factions and play a role outside the domain of labour relations. At the regional and local levels, the power of traditional leaders in practice makes up a parallel system of power.

The military has been an important actor in Mali's history, not least after independence where the military played a key role under both the one-party rule as well as in the transition period to democracy in Mali from the mid-1980s. In the northern regions of Mali, power has been exercised as military control in long periods, often at the expense of delivery of social services to the local populations. In this way, the militarised system of government in the north contributed to deepen differences that already existed prior to both independence as well as the 2012 political and security crisis³⁵.

The parliamentary elections in March-April 2020 were marred by violence and irregularities. Controversial constitutional court rulings on 30 contested seats gave the ruling party, and hence President IBK, a parliamentary majority, which sparked massive protests during June and July. The protests, underscored by frustrations over government corruption and slow progress on addressing the deteriorating security crisis, were led by a coalition of opposition political parties, religious leaders, and civil society organizations under the umbrella of "The June 5 Movement - Rally of Patriotic Forces Movement" (Mouvement du 5 juin Rassemblement des Forces Patriotiques or M5-RFP).³⁶ The M5-RFP is made up by mixed group of politicians, civil society actors and religious leaders. Their grievances related to the security and political crisis at the time, and in general builds on the structural imbalances in Mali as described further above. After the

³³ MLI.pdf (doingbusiness.org)

³⁴ Population growth (annual %) - Mali | Data (worldbank.org)

³⁵ The roots of Mali's conflict: Moving beyond the 2012 crisis, CRU, Grégory Chauzal & Thibault van Damme, 2015

³⁶ Human Rights Watch, 2021

coup in August 2020, the movement scattered with time, ending with one of the main figures of the movement becoming primeminister in the transition government in June 2021.

The demonstrations got particularly violent on 10-12 July, 2020 when protesters erected barricades; threw stones and used slingshots; occupied, burned, and looted parts of government buildings; and threatened officials. Intervention by the security forces claimed several lives. The situation culminated on 18 August, when military officers overthrew the government in a coup, and detained the President, Prime Minister, several cabinet members, and generals and subsequently appointed a transitional government.. The coup leaders agreed to hold parliamentary and presidential elections, and after negotiations with Mali led by ECOWAS, it was agreed that the transitional period will last 18 months. i.e. terminating in April 2022. On 5 October 2020, a transitional government was appointed followed by the establishment of the National Transitional Council (NTC), a legislative body, on 3 December 2020, and in May 2021 the same military actors intervened by replacing the interim president and senior members of the transition government following a conflict over nominations. The outlook, however, remains the same with parliamentary and presidential elections envisaged for 2022.

The majority of Malians still prefer a democratic style of government³⁷, which is an indication of a continued belief in democratic institutions, although these positive signs are threatened by the widespread insecurity, bad governance and lack of government presence in many parts of country, initially mainly in the north of Mali, but increasingly also in both central and southern Mali.

Political movements and parties are based on different issues related to national unity, regions, ethnic groups, and often rally around elite political figures. After independence, parties have also operated with a more ideological content (Pan-Africanism, planned economy, open market economy, especially the pro-democratic movement of ADEMA). As mentioned above, the elitist nature of Malian politics makes it difficult for many groups to be represented and gain influence on decision-making. There are new actors among youth in terms of social media platforms for political and social issues, however, this has not yet translated into political movements with new political agendas that can influence the political crisis.

List the key documentation and sources used for the analysis:

- WB Country Diagnostics <https://openknowledge.worldbank.org/handle/10986/23099>
- Varieties of Democracy (V-Dem)
- Afrobarometer is an African series of national public attitude surveys on democracy, governance and society
- Freedom House
- Rapport annuel 2020 du programme pays
- PNUD. Gender Inequality Index 2018. p.41 <http://hdr.undp.org/en/content/table-5-gender-inequality-index-gii>
- PNUD- Mali : Stratégie Genre et Plan d'Action 2018 – 2020
- Loi n° 2011-087 du 30 décembre 2011 portant Code des personnes et de la famille
- OCHA – Rapport de situation au 03 mars 2021

2. Political Economy and Stakeholder Analysis

Are there stable politics in the country with the low risk of regime breakdown and opportunities for ordered political transition?

As described above, the current political situation is unstable, and the risk that the inefficiency of current transitional government can undermine its legitimacy must be considered a possibility. The multidimensional crisis referred to above sets the framework for the political situation, and it is important to understand the interplay between the dimensions, as well as the resilience that

³⁷ V-Dem builds on an approach to conceptualizing and measuring democracy, which provide a multidimensional and disaggregated dataset that, reflects the complexity of the concept of democracy as a system of rule that goes beyond the simple presence of elections.

exists at different levels for supporting a process leading to a return to democratic rule. The opportunities for ordered political transition are described further in the section below:

Identify social, political, economic and institutional factors affecting the dynamics and possibilities for change

Social factors : Mali has a strong community base with traditional leaders and customs that play a strong role, not only for local authority, but also for the settling of conflict and for legitimacy. As a result, civil society in Mali also represents a very large and diverse group of actors. Donors have invested many resources in civil society, and now prefer supporting civil society at the local levels, Despite these developments, the capacity of NGOs to act in a coordinated way or to effectively influence political agendas at the national level remains limited, although there have been periods where CSOs have played a prominent role in relation to initiatives on legislation or participated in political protests.³⁸Involvement of youth and women as drivers of change and main actors of citizen control of public action could contribute to an ordered political transition. Several mechanisms exist, and youth organizations for peace-building are active, there is growing involvement of women in conflict resolution (12 in the Monitoring Committee for the Algiers accord); and the COVID-19 pandemic has apparently not had negative effects on social cohesion. These factors could all be supportive of a peaceful transition process built on the social fabric of Malian society. Danish programme interventions based on the learning from the thematic studies undertaken should guide this process forward. The term “youth” in Mali covers all persons up to the age of 35, and with the demographic composition of the population, youth makes up a large group and cannot be considered a closely and limited defined target group.

Political factors: The ability of political forces to bring about changes in relation to increased security, basic social services, economic growth and justice are key areas to address. However, as described above, recent governments have not been able to deliver on such promises and the present political crisis is seen by many as chronic. Despite the fact that progress on these matters remains slow, the determination to ensure the protection of Malian territory, the political intention to include women and youth in decision-making, the will for the state to reclaim occupied territories and provide basic social services (water, energy, education, justice, etc.) are key elements for moving towards a more stable and democratic future for Mali.. However, real political intentions to improve the respect for human rights and counter the impunity is missing, which provides a key foundation for the others elements to succeed.

Economic factors: Agriculture is a key sector for both growth and employment, along with extractive industries such as gold mining, as mentioned above. These sectors are also key for export revenues, with gold and cotton as the two main products. However, the industrial sector is very small, and there is a high proportion of illicit trade and a criminal economy, where revenues are withheld from the Malian state, and hence does not benefit or support the Malian population. The dynamism of the informal private sector is real even in conflict areas; the ECOWAS embargo that was made for a period of 2 months after the coup has now been lifted and the movement of goods and people has been resumed; and economic growth is expected to stabilise in coming years. One important characteristic of Malian economy is the high level of activity even in conflict-affected areas, which testify to the existence of resilience to create value and economic growth, even in the face of adverse political and security contexts. The work to improve the business climate should also be continued as the structural barriers are a main obstacle for economic growth.

³⁸ Sudy on civil society in Mali, ARD, 2021

Security: The adverse effects of a large diversity of armed groups at different levels, who are in de facto control of many areas in Mali is remains an obstacle. This points towards a complex undertaking to find negotiated and sustainable local solutions. Further, the complex nature between different actors (the Malian government and military, the UN, the G5 Sahel Joint Force, Operation Barkhane), and the lack of coordination between them as well as the lack of coherence with civilian initiatives as well as waning legitimacy, pose a key barrier for change.

Environment: Mali is a country that is very influenced by climate change, with dramatic increases in estimated investments needed to bring about change. These developments directly influence access to resources for many groups of Malian society that are already marginalised. Actual action to reverse the downwards degradation of the environment and the paralysis in terms of necessary action seem to be the main obstacles as there is no clear roadmap ahead. Investments in climate change mitigation and adaptation are far from sufficient, and the drivers of change such as energy efficiency and transformation to sustainable energy sources must receive full focus if positive change are to be set in motion.

Is extraction of rents an issue? How are rents extracted (distortion funds, creation of monopolies, public tenders, land allocation...)? To what extent are rents influencing sustainable development. Are rent seeking practices relevant to the issue/problem at hand? And has it increased or decreased over the last decades?

Rent seeking is a key feature and a reflection of existing political and economic power structures. Among the rents in Mali, cotton and minerals are the most prominent. Extraction of these remains a problem since the growth is not inclusive and beneficial to local populations. The corruption is widespread and impunity even more so. The procurement procedures are surrounded by corruption and benefit the same elite (monopoly). The still very large informal extraction of minerals and the many different forms of trafficking as mentioned above influences development, but not over the long term since it is not governed by the state, which prohibits it because it does not bring in tax revenue and labour rights and practices are gravely problematic. In sum, there is a long-standing and systematic extraction of rents and resources linked to the political and social elites in Mali. These elites are made up by key political figures, land owners, the military, some religious leaders, including cooperation with illegal groups and criminal economic operators in Mali. This systemic expropriation of resources needs to be addressed if a basis for more inclusive economic growth in Mali is to be created.

What is the governance regime in the country at national, regional and local levels? And what are the implications for democratic development?

At the national level, a transitional government has been in place since October 2020. It still remains to be seen whether this process will indeed lead to a democratically elected government. The multiparty system struggles to develop and the political landscape is marked by a plethora of political parties with a couple of major parties. Major parties in power to a large extent also try to assimilate political opponents and thereby neutralize their political ambitions.

Civil society makes up a very large and complex group of actors, and is not yet sufficiently organized or unified to act as a counterweight. Among Malians, there is a widespread distrust in politicians and institutions. This was fueled by the contested parliamentary elections in March-April 2020, which ultimately led to the military coup in August 2020. Voter turnout for presidential and parliamentary elections are generally low (34% for the presidential election in 2018; 35% for the parliamentary elections in 2020). The low turnout is also due to the security situation.

At the regional level in Mali, the decentralization process was initiated almost 20 years ago, but remains unfinished. It is a priority of the transitional government to speed up longstanding reforms on decentralization that will bring the administration and decision-making closer to the local populations. However, this process involves many challenges, one of them being that local authorities still do not have sufficient human / skills or financial resources to best ensure local governance and their wide portfolio of responsibilities. The key structural constraints are related to the ways that the Malian state favours some regions over others, with a history of favouring the south as opposed to the north, where military rule and skepticism towards the local populations have deepened conflict and tensions over time. Opportunities remain, as actual investments in basic services and infrastructure are much needed by local populations. The recent Danish support has proved that a focused approach with a focus on project implementation capabilities, can enhance local support to local governments.

In addition to the different formal layers of government are the traditional power structures and the religious groups that have widespread influence, especially at community level, but also in relations with the Malian state. The transitional government, the peace implementation process and its accompanying institutions, the regional actors and the military versus civil structures all create additional power positions in often parallel systems, where stakeholders are unwilling to compromise or hand over power that has become vested in them.

Identify medium-term dynamics of change including incentives and capacities of agents operating within particular institutional domains (i.e. policy processes);

(See section above) Could be developed once the content of bilateral programme has been defined

Assess the legitimacy of a given political process;

(See sections above)

What are the barriers for women and minority to entering and participating in the political arena and in influencing decisions and address inequity and the distribution of power and social and economic resources?

The obstacles are numerous but the most important ones are related to (i) customs and culture; (ii) religious factors; (iii) low education and (iv) access to formal rights under the law (see more elaborate explanation below under fragility/women)

Stakeholder analysis:

Who are the key stakeholders that may be interested in or affected by the project/program including donors, and what are their main interests, capacity and contributions?

At the regional level: Regional and African organizations (WAEMU (West African Economic and Monetary Union), ECOWAS (Economic Community of West African States) , AU (African Union); state institutions - ministries and other institutions involved in the search for peace and stability at the regional level, including the military and security mechanisms set up in collaboration with the donors; human rights, anti-corruption, and stability and peace research institutions; etc.; various institutions and structures for securing operational and emerging territories. These regional and extra-regional partners have well-defined political, economic and security interests. They also have regional guidelines and requirements in all areas of intervention of the Danish cooperation (coherence and relevance). The capacities to implement policies and strategies are disparate from one actor to another, but they exist and with them the Danish

embassy can implement its interventions. To the north, relations with neighbouring countries Mauretania, Algeria and Libya are marked by the historical relations to populations in the north of Mali. These relationships have also contributed to the conflicts in this area such as the support to Tuareg and Arab populations in the post-independence period, and the repeated conflicts between the regions in Mali. Algeria has been used as transit for illicit trade, and events in Libya indirectly provided support to Tuareg separatist movements in connections with the 2012 uprisings. On the basis of these geographical and historical connections, Algeria played a key role in forging the 2015 Peace Accord between the Malian state and the armed groups involved in fighting against the Malian army.

The Malian State represented by the Ministries in charge of the themes on which the cooperation will work (Prime Minister's Office; MATD; Defense and Security; Women and Youth; Entrepreneurship and Economy; Environment and Climate Change Management; Agriculture). Policies and strategies have been developed in most areas, and interests have been decided at the State level, but the current situation of central governance by a transitional government does not allow for a clear vision of implementation. The high level of insecurity and the effects of the COVID-19 pandemic have refocused efforts on these two main areas, greatly disrupting the economic and overall development efforts that were previously made

Donors: The US, the World Bank group, Canada, the EU and its members, notably Germany, Belgium, Spain, France, Italy, Luxembourg, the Netherlands, the Czech Republic, Sweden, Norway and Switzerland, which has joined the EU Joint Programming ; Other likeminded donors (such as UK and Canada), United Nations agencies and organizations;

Foreign military, security and civilian presence: MINUSMA, Operation Barkhane, including Task Force Takuba, the G5 Sahel Joint Force, EUTM and EUCAP (the latter being an EU civilian crisis mission focussed on internal, civilian security forces).

Malian financial institutions, particularly microfinance and banks that integrate informal operators in the agricultural and mining sectors, etc. The experience of the private sector support program (2019-2022) shows that there are financial institutions capable of financing SMEs and even marginalized populations. However, they have limited capacity to adapt to the borrowing conditions of clients in insecure sectors such as the agricultural sector.

Malian civil society with its organizations and mechanisms set up to deal with thematic issues, notably economic and political issues the fight against violent extremism, food security, etc. Civil society in Mali represent a very diverse and large group of actors, both in terms of thematic areas, ethnic backgrounds, regional and local anchoring or in terms of focus areas, resources and capacities. Overall, civil society in Mali lack the coordination of interventions to ensure a real counter-power. Nevertheless, civil society in Mali is an important partner of the cooperation, the involvement of civil society in the formulation and implementation of programs is possible.

The populations/communities in the specific intervention zones have well-defined interests in relation to the program. These populations have known interests related to access to basic social services, investments, financial means for economic activities, stability and peace, natural resource management and food security. The populations are involved in the identification and formulation of programs and projects; they are acquiring more and more ownership, but the road to true ownership of their development is still long. Local organizations and businesses of all sizes are strong players in the implementation of bilateral programs.

Business interests: Elites will attempt to maintain privileges, and continued access to rents/resources/profits from key sectors. However, to the extent that new initiatives and investments are made with foreign business, this sector focus may shift over time.

Armed groups and their supporters: Interested in destabilisation, and in nurturing conflict in communities, mainly have an anti-development agenda. They can be powerful by means of their local presence, access to resources, and through transnational networks. Implementation of the 2015 peace agreement has been limited. The government has failed to be proactive in fostering peace. For example, the Conference of National Understanding, held in 2017 was poorly prepared and was not inclusive. Major opposition parties and armed groups only joined the conference toward the end. At the conference, the coalition of Azawad Movements (CMA) insisted but failed to achieve political independence for Azawad, the northern part of Mali. The conference recommended the government initiate dialog with Malian Islamic jihadist groups, such as the Support Group for Islam and Muslims (GSIM) led by Iyad Ag Ghali. The commission of good offices, established in 2017 by the former prime minister, Abdoulaye Idrissa Maïga, was designed to foster this dialogue. It was chaired by Mahmoud Dicko, president of the High Islamic Council of Mali, but was dissolved in January 2018 by the new prime minister, Soumeylou Boubeye Maïga, after it established contact with intermediaries of Ag Ghali's terrorist group. Algeria's Charter for Peace and National Reconciliation served in 2018 as a basis for the development of Mali's National Law of Understanding. This law granted a general amnesty to perpetrators of crimes during the 2012 rebellion. However, the law is contested by human rights organizations. All these developments testify to the fact that progress has been very difficult to make, despite involvement of many different actors, both in Mali and in the region.

The 2012 Tuareg uprising posed an existential threat to the nation-state, given the fact that the Tuareg National Movement for the Liberation of Azawad (MNLA) had proclaimed the separation of the Azawad area from Malian territory. The peace agreement, signed in mid-2015 by the Malian government, the loyalist fighters from the Platform alliance and the rebelling Coordination of Movements of Azawad (CMA), stated clearly that Azawad only has a cultural dimension in Mali (i.e., not a political one). By signing a peace agreement, the Tuareg separatists accepted that concept.³⁹ In that sense, the peace agreement provides greater autonomy to the sparsely populated northern regions of Mali without establishing a formal federal state.⁴⁰

Who are the most powerful and important stakeholders and what are their main interests, capacity and contributions? Who are likely to hinder the program? What is the gender balance and dynamics within the most important stakeholders? Who stands to gain and who stands to lose from the envisaged project/program?

In the current situation in Mali, the most powerful and important stakeholders are those in charge of security issues and the state for important reforms aimed at sustainable development. The G5 and the Sahel Coalition and other allied military and security arrangements at the regional

³⁹ Nevertheless, Tuareg separatists raised the separation of Azawad at the national conference of understanding in 2017, hence the question still remains sensitive.

⁴⁰ BTI Mali Country Report 2020: <https://www.bti-project.org/en/reports/country-report-MLI-2020.html>.

and national level level have stability and peacekeeping interests. At the national level, the various armed bodies of the state have latent diverging views on the future direction for the country.

See also stakeholder analysis above.

Local leaders commitment and ownership when promoting relevant reforms?
(see above on stakeholders)

Which stakeholders must in some way be kept in the attention by the project/program to ensure their continued support and/or diminish their resistance?

It is essentially the State with its deconcentrated services, the communities (regional and communal), the populations concerned by the interventions, taking into account the gender specificities, the customary systems related to the management of the areas of intervention, the development partners intervening in the same areas and/or in the same zones, and the providers of the various services supporting the beneficiary populations.

See also above (where analyses and roles are described)

What are potential strategies (approaches, methods etc.) for engaging key stakeholders?

The following strategies may be adopted:

- working for scalable solutions by joining forces
- increased ownership through Doing Development Differently principles
- identifying spaces for resilience, and motivate key actors to cooperate
- programme support and resources to drive and lift an agenda forward with ownership of the Malian state and local authorities.

(See also above for further information)

List key documentation and sources used for the analysis:

Relevant references and guidance may include:

- Political/economy analysis, stakeholder analysis, capacity assessments, Drivers of Change or Power Analysis
- Information on the governance regime can be found in power studies, political-economy studies, and drivers of changes studies.

<https://eba.se/rapporter/201909-democracy-in-african-governance-seeing-and-doing-it-differently/11528/>

Annex 2: Summary of Partner Assessment

A. General Assessment

Partner Name <i>What is the name of the partner?</i>	Core business <i>What is the main business, interest, and goal of the partner?</i>	Importance <i>How important is the program for the partner's activity-level (Low, medium high)?</i>	Influence <i>How much influence does the partner have over the program (low, medium, high)?</i>	Contribution <i>What will be the partner's main contribution?</i>	Capacity <i>What are the main issues emerging from the assessment of the partner's capacity?</i>	Exit Strategy <i>What is the strategy for exiting the partnership?</i>
Société Malienne de Patrimoine de l'Eau Potable (SOMAPEP SA)	SOMAPEP is a state-owned company entrusted with the responsibility of strategic planning and investments provided by government, the SOMAGEP and external funding sources related to expanding water supply coverage and ensuring an adequate service level. The SOMAPEP has the sole responsibility for investments in 90 larger and medium-scale urban centres.	High. The current financial situation of the company excludes the provision of any investments funds for improving urban water supply coverage.	High. The SOMAPEP will plan works, manage the implementation of the Danish and German funds, select and engage construction companies and consultancy firms and monitor work. It is important to associate the SOMAGEP (responsible for operation of all water systems owned by SOMAPEP) in all stages of the construction works in order to optimise subsequent operation and maintenance of the water schemes.	Project management and monitoring.	SOMAPEP recognised as well performing but has limited capacity not only in financial terms but also in terms of available human resources. The technical assistance for the programme will thus assume responsibility as <i>maître d'oeuvre</i> .	Upon completion of works, SOMAGEP will assume responsibility for operating, maintaining and renewing the water schemes.

B. SWOT Analysis

Quoted from Audit organisationnel de SOMAPEP-SA. Rapport final. World Bank/IDA and SOMAPEP S.A. December 2019

ATOUPS	FAIBLESSES
<p>La gestion des projets d'investissements</p> <ul style="list-style-type: none"> • La création de la fonction Chef de Projets en 2018 permet de professionnaliser la fonction • Le rattachement des chefs de projets à des bailleurs permet de renforcer le reporting et d'assurer un suivi de l'ensemble des composantes d'investissement financées par bailleur, et d'acquérir une meilleure maîtrise de la relation avec les bailleurs de fonds et réactivité face aux demandes exprimées • La Cellule d'Exécution de Projets Kabala a permis la mise en place d'une équipe dédiée au projet avec une responsabilité unique et des moyens dédiés au projet Kabala, ainsi que la mise à disposition d'expertises internes mobilisables au besoin <p>La maîtrise des installations</p> <ul style="list-style-type: none"> • Le contrôle de l'exploitation est effectif, bien que de façon incomplète par rapport aux aspects financiers et indicateurs de performance • L'inventaire des immobilisations est tenu à jour sur la base de la réalisation des projets 	<p>L'organisation générale</p> <ul style="list-style-type: none"> • Le nombre de directions et de chefs de département/ service est trop important au vu de la taille de la structure • La fonction Chef de Projets: <ul style="list-style-type: none"> • n'est pas suffisamment formalisée (définition des missions) • n'est pas suffisamment rattachée à une prise de responsabilités • complexifie l'organisation de par son double rattachement hiérarchique (DST/DEPI et Cellule Kabala) • Les multiples affectations de certains agents liées à la réorganisation en cours, conduisent à des charges de travail importantes pour certains agents, à une confusion sur les rôles et responsabilités au regard des attentes de la hiérarchie, et à un sentiment de démotivation • Le programme d'activité annuel n'est pas décliné pour chaque direction • Les cadres n'ont pas de rôle d'encadrement d'équipe : animation, organisation du travail, accompagnement/ formation
<p>La planification stratégique et le pilotage</p> <ul style="list-style-type: none"> • La planification des investissements a été faite jusqu'en 2032 pour Bamako et 14 des 18 centres du périmètre historique • La capacité à mobiliser des financements auprès de nombreux bailleurs est reconnue, les montants mobilisés sont très significatifs • La montée en compétence sur l'analyse technico-économique de la planification est en cours à travers la prise en main du modèle financier développé dans le cadre de l'étude tarifaire • La disponibilité de nombreuses études permet d'orienter la prise de décisions 	<p>La gestion des ressources humaines</p> <ul style="list-style-type: none"> • Le plan de formation triennal n'a pas de lien avec le projet d'entreprise • Les outils de gestion des ressources humaines ne sont pas développés • Il n'existe pas de mécanisme d'évaluation objectif • Les avancements sont automatiques à travers les fonctions de management, la gestion des carrières par l'expertise est absente • Le système de rémunération valorise les fonctions et pas les compétences <p>Les outils de gestion</p> <ul style="list-style-type: none"> • Les actions du contrôle manquent de visibilité (préparation de livrables)

<p>Le développement des compétences</p> <ul style="list-style-type: none"> • De bonnes compétences techniques sont disponibles, ainsi qu'un personnel qualifié et relativement jeune sur les fonctions techniques • De nombreuses AT sont financées, ce qui permet à SOMAPEP-SA d'acquérir des connaissances et du savoir-faire et de monter en compétences sur ses principales missions • Les effectifs restent maîtrisés malgré une répartition non optimale des compétences entre services supports et services opérationnels • Une importance croissante est donnée à la gestion des ressources humaines par les compétences, et un premier plan de formation triennal a été élaboré 	<ul style="list-style-type: none"> • Le SIG de SOMAGEP-SA n'est pas partagé, conduisant à un manque de visibilité sur l'état du patrimoine enterré <p>Les besoins de renforcement</p> <ul style="list-style-type: none"> • SOMAPEP-SA a des difficultés à identifier ses besoins d'assistance et à cadrer les prestations des consultants et des AT, un manque de rigueur dans le pilotage et le contrôle des AT, et des difficultés à évaluer la qualité du travail réalisé • Les compétences sont disponibles mais sous-utilisées, et l'adéquation entre poste et qualifications n'est pas optimisée • Les compétences des fonctions supports (informatique, juridique et contrôle de gestion) semblent insuffisantes au regard des besoins des projets, la compétence en gestion des ressources humaines doit être renforcée • La vision stratégique et la planification de long-terme sont insuffisantes
<p>OPPORTUNITES</p> <ul style="list-style-type: none"> • L'amélioration du service liée à la fin des travaux de Kabala peut faciliter l'acceptabilité d'une augmentation tarifaire • Les Assistants Techniques financés par les bailleurs au sein de la Cellule Kabala pourront coacher, renforcer les chefs de projets • L'Etat s'engage à procéder à une augmentation tarifaire à la fin de travaux de Kabala et plus généralement à assurer l'équilibre financier du secteur (Lettre de Politique Sectorielle) • Des bailleurs de fonds sont présents et prêts à soutenir le secteur si sa viabilité est assurée (attente de l'augmentation tarifaire après la mise en service de Kabala) • Le secteur dispose des outils et études permettant une bonne régulation 	<p>MENACES</p> <ul style="list-style-type: none"> • L'Etat ne prend pas de décision sur l'avenir du secteur suite à l'évaluation de la réforme • L'Etat ne revalorise pas le prix de l'eau • SOMAGEP-SA ne reverse pas le prix patrimoine et utilise cette somme pour financer des investissements « d'urgence » sans accord de SOMAPEP-SA • La définition des priorités d'investissement fait face à des risques d'ingérence du politique • Des problèmes d'exécutions des investissements (délais, coût...) pourraient détourner l'intérêt des bailleurs

Annex 3: Result Framework

Programme	Mali Urban Water Programme
Programme Objective	<ol style="list-style-type: none"> In response to the effects of climate change leading to increasing rarefication of available water resources, secure and develop the water resources for the cities of Kayes, Sikasso and Koutiala through enhanced protection of existing boreholes, introduction of new technologies to reduce CO2 emissions, and exploration and operation of new boreholes to supply the cities. Strengthen the resilience, health and living conditions of the populations in urban and peri-urban areas confronted with the effects of climate changes through enhancing coverage and reliability of the public water supply and an equitable distribution of drinking water, in particular to the poorer segments of the population.
Impact Indicator	Through actions aiming at securing existing water resources increasingly put on pressure as a result of climate changes and at mobilising new water resources, public service delivery of drinking water has been improved in a sustainable and equitable manner and has strengthened the resilience and health conditions of beneficiaries.
Baseline	<ol style="list-style-type: none"> Full coverage in Sikasso and Koutiala (2025 perspective) and full coverage in Kayes (2030 perspective) Reduction of infant mortality

Project Title	Securing drinking Water in the Cities of Sikasso and Koutiala		
Outcomes	<ol style="list-style-type: none"> Health conditions and living conditions of the urban population in Sikasso and Koutiala have improved through better access to clean water, adaptation of public service delivery to the impacts of climate change, and strengthening of in particular the resilience of the poorer segments of the population, A more efficient and effective use of scarce water resources has been obtained by strengthening water production and distribution, service quality levels have improved, and better financial viability of the water schemes has been achieved. 		
Outcome indicator(s)	<ol style="list-style-type: none"> % of population with access to safely managed water supply services Incidence of water borne diseases (diarrhea and cholera) has decreased Recovery of SOMAGEP operational costs through tariffs Coverage rate in relation to demand 		
Baseline	Year	2020	<ol style="list-style-type: none"> < 51% (Sikasso), < 29% (Koutiala)⁴¹ To be determined 70 % 67 % (Sikasso), 47 % (Koutiala)⁴²
Target	Year	2026	<ol style="list-style-type: none"> 60% (Sikasso), 35% (Koutiala)⁴³ To be determined 100 % >100% for each city⁴⁴
Output 1	Water supply delivery has been improved in Sikasso and Koutiala including in surrounding peri-urban areas.		
Output indicator(s)	<ol style="list-style-type: none"> Number of additional persons served Number of social connections constructed Number of schools and health centres having gained access to drinking water 		
Baseline	Year	2020	<ol style="list-style-type: none"> 0 0 0
Target	Year	2026	<ol style="list-style-type: none"> 156,000 of which 78,000 women (Sikasso), 51,000 of which 25,500 women (Koutiala)⁴⁵ To be determined To be determined
Output 2	Technical losses have been reduced in networks		
Output indicator(s)	Network yield		
Baseline	Year	2020	59 % (Sikasso), 59 % (Koutiala)
Target	Year	2026	78 %

⁴¹ Indicator calculated by dividing the number of persons served through a household connection (10 persons per connection) with the size of the centre.

⁴² Calculated as follows: production x network yield / demand for water.

⁴³ Targets defined in the master plan for each of the two cities.

⁴⁴ The project targets full coverage of water needs in a 2025 perspective.

⁴⁵ As the number of IDPs remains low and that they are absorbed in existing housing (there are no refugee camps), it is not possible to establish a target in this respect.

Output 3		Measures to ensure a sustainable exploitation of the aquifers resilient to climate change have been implemented and measures to green water production have been identified and mainstreamed into construction activities	
Output indicator(s)		1. Number of piezometers monitored, and results used to ensure adequate exploitation of boreholes 2. More efficient and CO2 reducing production equipment introduced	
Baseline	Year	2020	1. 0 2. 0
Target	Year	2026	1. To be determined 2. To be determined
Output 4		Water resources able to satisfy long-term demand for water in Sikasso and Koutiala have been identified taking into account possible adverse effects of climate change	
Output indicator(s)		Available yields of identified sites	
Baseline	Year	2020	0
Target	Year	2026	> 1200m ³ /h (Sikasso), > 350 m ³ /h Koutiala

Project Title		Urban Water Supply and Sanitation Programme in peri-urban Areas - Kayes	
Outcome		Access to water supply and liquid sanitation services has been improved for the population in the city of Kayes and neighbouring communes	
Outcome indicator		1. Number of persons having gained access or having gained improved access to drinking water services 2. Water Quality meets national norms 3. New temporary and permanent jobs have been created through the project	
Baseline	Year	2020	1. 0 2. To be assessed at project start 3. 0
Target	Year	2026	1. 117,700 of which 58,750 women) 2. 98 % 3. 200 temporary jobs and 25 permanent jobs
Output 1		Production, storage and distribution capacity designed to ensure continuous water supply (24/24 and 7/7) in a 2030 perspective	
Output indicator(s)		Population served	
Baseline	Year	2020	225,000
Target	Year	2026	307,000
Output 2		Operational water supply infrastructure	
Output indicator(s)		Constructed and rehabilitated water infrastructure	
Baseline	Year	2020	1. Treatment: 15,660 m ³ /day 2. Storage: 1,200 m ³ 3. Linear network: 530 km 4. Household connections: 13,620
Target	Year	2026	1. Treatment: 39,600 m ³ /day 2. Storage: 6,000 m ³ 3. Linear network: 667 km 4. Household connections: 23,620
Output 3		Income on water sale has increased	
Output indicator(s)		Billed volume	
Baseline	Year	2020	4,484,000 m ³
Target	Year	2026	7,986,000 m ³

Annex 4: Risk Management Matrix					
Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Contextual Risks					
A continued destabilisation of the Mali	Likely	Major	Continuous monitoring of the situation in close coordination with other development partners. Support to restore the population's faith in the ability of the State to provide social basic services. If insecurity spreads to the southern part of the country and/or if there is a further deterioration of the political situation, a redesign or closure of the programme could be become necessary.	Major	The southern part of Mali is increasingly at risk for violent extremism and it is uncertain whether the government and security forces can maintain the southern part of Mali as a relatively secure and peaceful area. Discontentment in the population regarding the State's ability to provide justice, security and basic social services could be exploited by religious extremists to fuel further social and political unrest.
A deterioration of the political crisis and relations with international community	Possible	Major	Continuous monitoring of the situation in close coordination with other development partners. Preparedness for adaptation of programmes e.g. working more directly with populations through non-government or local government actors, change of geographic intervention zones etc.	Medium	The democratic transition after the August 2020 coup d'état is currently at risk of being delayed, at worse for a long period. The relationship between the current Malian government and the West is increasingly tense including on the security agenda. In a worst case scenario, cooperation with Mali is at risk.
A further degradation of public governance and increased corruption	Likely	Major	Address governance in projects through implementation of adequate measures such close monitoring through regular progress and financial reporting and value for money studies. The TA will further be responsible for supervision and approval of procurement and on carrying out compliance controls in partner organisation.	Minor	Corruption in public procurement and petty corruption are common in Mali. In 2020, Mali ranked 129 th out of 180 countries in TI's Corruption Perceptions Index. National anti-corruption provisions are poorly enforced. The current destabilisation of public administration leading among others to weak presence of the State in large part of the country increases risks related to poor governance and corruption.
Securing the financial viability of SOMAPEP and SOMAGEP is not addressed by government	Likely	Major	The group of sector donors are continuously putting pressure on government to engage the reform process based on a plan for enhancing financial viability funded by the World Bank.	Major	The fragile financial situation of SOMAPEP and SOMAGEP is widely recognised and excludes domestic public funding of new sector investments and negatively affects repair and renewal of technical equipment. The identified needed sector reform process has not yet gained momentum.
Programmatic Risks					
Works will stop or need reformulation due to a worsening of the security situation and/or of the political situation	Likely	Major	Four scenarios could be likely: : 1. If TA is to be withdrawn due to the security situation, reformulation of programme to allow SOMAPEP and SOMAGEP to continue certain programme activities while ensuring transparency and accountability. 2. If the State loses control the targeted urban centres, repositioning of the programme on secure	Major	The Southern part of Mali and the urban centres in particular is still relatively secured and peaceful. Religious extremists might, however, tempt and succeed in exploiting the population's dissatisfaction with the State's ability to ensure security, justice and provision of basic social services.

			<p>zones, i.e. Bamako or urban centres located close to the capital (Koulikoro, Bougouni, Kati...). All these centres have peripheral neighbourhoods without access to public water and a huge demand for additional for standpipes and household connections.</p> <p>3. Working through alternative partnerships e.g. with private actors, NGOs or directly with local communities.</p> <p>4. A termination of the programme.</p>		
Delays in the procurement processes and the implementation of works	Likely	Major	Technical assistance to strengthen timely planning and execution of the procurement phases and the selection of competent enterprises	Risk reduced but not totally eliminated	Experience from previous support to the sector has shown that the selection procedures have not always ensured the selection with the most qualified companies.
Works do not have the expected quality	Likely	Major	Technical assistance to ensure on-site quality control of works and implication of SOMAGEP staff in this task.	Risk reduced	Serious quality problems reported on works, especially in the period from 2015 to 2017.
Non sustainable exploitation of groundwater resources	Likely	Major	Strengthened monitoring of piezometers and adjustment of procedures for exploiting the boreholes. Establishment of protection zones around the boreholes	Risk reduced	The yield of boreholes providing water to Sikasso has diminished.
Equipment is not adequately maintained and replaced due to scarcity of funds	Likely	Major	The programme is conceived not to worsen the financial situation of SOMAGEP but rather to better it. Participation by the Danish embassy in the on-going dialogue between development partners and government. Fielding of a technical adviser after a democratic transition to support the reform process.	Reduced risk	SOMAGEP has for some years experienced a difficult financial situation and the implementation of identified reforms, including a revision of the tariff grid is pending.
Emergence of land conflicts	Unlikely	Major	Support to SOMAPEP to negotiate land acquisition with private landowners	Risk reduced	New boreholes might be sited on private land.
Institutional Risks					
Corruption et misuse of funds	Likely	Major	Technical assistance will be closely associated to the procurement processes and the supervision of works. Annual audits of project expenditure.		Weak public control systems do not adequately ensure respect of the procurement act.
Inability of programme to achieve its objectives and results adversely affects Denmark's reputation and further erodes the legitimacy of the State	Unlikely	Major	Campaigns in the media and reallocation of funds for similar activities in secure areas.	Risk reduced	A dramatic worsening of the security situation in the programme intervention area could lead to a full or partial stop of activities.

Annex 5: List of Supplementary Materials

Cadre de dépenses à moyen terme 2020ADRE DE DEPENSES A MOYEN TERME CDMT 2020-2022. March 2019. Ministry of Water and Sanitation.
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Lettre scan Ministre MEE-Chef de file PTF Eau & Assainissement. 12.11.2020.
Bilan 2019. Direction Nationale de l'Hydraulique.Ministry of Water and Sanitation. 24.02.20. Final version.
Présence opérationnelle Sévérité du Manque d'Accès à l'Eau –Cluster EHA-WASH Mali 2019.
MLI116 – Viabilité fin secteur eau – Rapport final phase 2. World Bank/SOMAPEP. October 2020
MLI116 – Viabilité fin secteur eau – Rapport final phase. World Bank/SOMAPEP. October 2020
MLI116 – Viabilité fin secteur eau – Synthèse. World Bank/SOMAPEP. October 2020
Rapport nouveaux centres v prov (002) Etude tarifaire72 Centres,
Plan stratégique pour le secteur urbain de l'eau du Mali. Rapport de synthèse. LEMA. 30.09.2019.
Etude de Faisabilité. Renforcement de l'alimentation en eau potable de la ville de Kayes. SOMAPEP. June 2020.
Politique Nationale de l'Eau. Ministry of Water and Sanitation. 2019.
Vulnerability, Risk Reduction and Adaptation to Climate Change – Mali. GFDRR. 2011
https://reliefweb.int/sites/reliefweb.int/files/resources/2020_OchaMLI_Snapshots_Population%20Movement_septembre.pdf
Rapport annuel d'activités -2019. SOMAGEP-SA.
Träger- und Zielgruppenanalyse. FZ-Modul Städtische Wasserversorgung in Kayes. SOMAPEP/KfW. 15.05.2020
Etude diagnostic sur l'approvisionnement en Eau Potable en milieu urbaine au Mali. Royal Danish Embassy Bamako. December 2020.
Note sur les dynamiques conflictuelles de la région de Sikasso suivant l'ancien découpage. Royal Danish Embassy in Bamako. April 2021.
Aide-mémoire. Programme d'alimentation en eau potable et mesures d'assainissement dans les centres semi-urbains (Kayes). KfW. Mai 2021.
Projet de sécurisation de l'eau potable à Sikasso et à Koutiala. Rapport de pré-formulation. Version finale. Cowi. May 2021.
Audit organisationnel de SOMAPEP-SA. Rapport final. World Bank/IDA and SOMAPEP S.A. December 2019.

Annex 6: Process Action Plan

Date	Activity	Responsible	Status
Oct. 2020	Mapping of donors, current programs and options for co-financing	RDE	Done
23.10.20	Validated TORs for process consultant	RDE	Done
03.11.20	Contract signed with process consultant (PC)	RDE	Done
19.11.20	Draft mapping report shared with head of cooperation	RDE/Process consultant (PC)	Done
14.12.20	Mapping rapport finalised	RDE	Done
15.12.20	Identification report submitted to RDE management for approval	RDE	Done
4.1.2021	TOR for Sikasso identification consultants finalized	RDE/ Process consultant (PC)	Done
22.1.21	Launch tender on udbud.dk for international consultants for pre formulation study in Sikasso	RDE	Done
11.2.21	Letter of intent for KfW with 10 mio DKK contribution to Kayes Urban water project	RDE/HoC	Done
28.02.21	Tender commission and selection of consultants for Sikasso pre formulation study	RDE	Done
5.3.21	Contract signed with consultants	RDE	Done
7.4-23.4.21	Field mission identification consultants & Draft rapport to RDE	Consultants	Done
07.05.21	Reception de l'aide-mémoire du projet KfW sur le projet de Kayes	KfW	Done
10.05.21	Submission of draft identification report on Sikasso intervention	COWI	Done
20.04-23.5.21	Drafting of programme document based on pre formulation rapport Sikasso/technical rapports from KfW-Kayes	PC	Done
May 2021	Preparation of TORs and recruitment for appraisal	GDK/RDE	Done
25.5.21	Submission of draft programme documentation to Embassy	PC	Done
01.6.21	Draft programme document for appraisal sent to appraisal team	RDE	Done
15.7.21	Confirm agenda for Programme Committee	RDE/HoC	Done
10.08.21	Submission of programme documentation to PC	RDE/PC/HoC	Done

July/August	Appraisal mission in-country	GDK	Done
Start August	Revision of programme document based on appraisal preliminary conclusion	RDE/PC	Done
10.8.2021-10.9.2021	TORs and launch of recruitment of TA with Bech Bruun	PC/RDE/BB	Done
02.09.21	Presentation to Programme Committee	RDE	Done
Start September	Finalised appraisal report	GDK	Done
02.9.2021-27.9.2021	Revision of programme documentation based on comments from PC and appraisal report	RDE/PC	Done
17.9.2021	Submission to Anne-Catherine, ELK for QA before UPR	RDE/AC	Done
2.9.2021	Deadline to confirm agenda points for UPR	RDE	Done
27.9.2021	Submit programme document to UPR review and approval	RDE	Done
14.10.2021	Presentation to UPR	RDE	
29.10.2021	Ministerial approval of programme	MFA	
November 21	Signature of agreements with KFW and SOMAPEP	RDE	
January 22	Launch of Programme	RDE	

ANNEX 7: PLAN FOR COMMUNICATION OF RESULTS

What? (the message)	When? (the timing)	How? (the mechanism)	Audience(s)	Responsible
Signature of agreement with KFW	November/ December 2021	Drafting story to facebook / twitter on collaboration. Linking to Team Europe Agenda. Showing collaboration between memberstates in the field	Local population + People interested in DK and DE work in Mali	Embassy team responsible for water programme
Signature of agreement with Ministry responsible for water	December 2021	Drafting story to facebook / twitter on collaboration. Focusing on the continuation of the historic Danish support to the water sector in Mali	Local population and government + People interested in DK Activities in Mali	Embassy team responsible for water programme
Danish Ambassador or HoC participation in launch of joint Danish and German project in Kayes	Beginning of 2022	Drafting story to facebook / twitter on collaboration. Linking to Team Europe Agenda. Showing collaboration between memberstates in the field	Local population and government + People interested in DK and DE work in Mali	Embassy team responsible for water programme
Organisation of launch of project in Sikasso/Koutiala	Beginning of 2022	Organisation of event in Sikasso. Communication on local news channels and on SOME	Local population and government + People interested in DK Activities in Mali	Embassy team responsible for water programme
Opening ceremonies of constructed water stations in Kayes, Sikasso and Koutiala	When construction completed – 2023	Participation in events. Communication on local news channels and on SOME	Local population and government + People interested in DK Activities in Mali	Embassy team responsible for water programme
Sharing of results and success stories	Continuous 2023-26	Field visits, results from reports	Local population + People interested in	Embassy team responsible for water programme

		communicated on SOME	DKs work in Mali	
Midterm review	2024	Evaluation mission. Communication events and SOME around mission	Local population and government + People interested in DK Activities in Mali	ELK/GDK/Embassy team responsible for water programme
Programme completion	2026	Evaluation and communication of results.	Local population and government + People interested in DK Activities in Mali	Embassy team responsible for water programme

Annex 8: Appraisal - Summary of recommendations and follow up actions

Title of Programme/Project	Mali Sustainable Urban Water Program 2022-2026
File number/F2 reference	2020-32167
Appraisal report date	Final report 22-09-2021; Draft report August 2021
Council for Development Policy meeting date	14.10.2021
Summary of possible recommendations not followed	
The Embassy overall agrees with the recommendations of the appraisal	
Overall conclusion of the appraisal	
<p>The programme is highly relevant and both in response of the fragile context in Mali and the needs of the populations as well as for Danish Strategic Priorities on Climate Change and access to clean drinking water. However, before approval, several aspects should be strengthened in the document, amongst others: (i) Clearer reference to the new Danish development policy “The World We Share”; (ii) clearer how the programme will be linking/bridging between the current country programme for 2017-22 and the new strategy and programme for 2023-27; (iii) Responding and adapting to Climate Change should be the starting point of the programme; (iv) technical considerations based on lessons learned from Mali and elsewhere, including on green technology.</p>	
Recommendations by the appraisal team	Follow up by the responsible unit
Bilateral Development Programme/Programme Level:	
<i>Organisational set-up and MEAL structure</i>	
Recommendation 1. The AT recommends revisiting the Mali Sustainable Urban Water Program’s organisational set-up and MEAL structure during the inception phase to align it with the new country framework and program	An inception review will be organised in the second half of 2022
<i>Reflection of the new Danish strategy for development cooperation</i>	
Recommendation 2. The AT recommends better reflecting the new Danish strategy for development cooperation and explicitly throughout the documentation and update the current references to the old strategy – The World 2030.	The RDE agrees and have modified to better reflect the priorities of the new strategy especially in the section “Linkages with national and Danish Development Policies and Strategies”.
<i>OECD DAC criteria for climate development assistance</i>	

<p>Recommendation 3. The AT recommends strengthening climate change adaptation (and mitigation) considerations throughout the program and project documents to ensure that they meet the OECD DAC criteria for climate development assistance (Rio markers)</p>	<p>Since the appraisal, the RDE has strengthened and added elements concerning climate change adaptation and mitigation across the programme and project documents. Climate change challenges are now clearly the starting point of the justification of the programme.</p>
<p><i>Emphasis of “energy efficiency” and “promotion of renewable energies”</i></p>	
<p>Recommendation 4. The AT recommends better emphasizing “energy efficiency” measures during the design, construction, and O&M phases together with the “promotion of renewable energies”.</p>	<p>The Embassy has added a section on “Adaptation to and Mitigation of Climate Change” taking into account measures to include renewable energy sources.</p>
<p><i>Due diligence</i></p>	
<p>Recommendation 5. The AT recommends exercising due diligence during groundwater investigations and mobilisation, studying the groundwater potential at a regional level including previously identified areas (existing groundwater maps drawn by KAMPHIL in 1991 for instance) and gradually decommissioning the poorly yielding wells (reducing operational costs and increasing treasury) while reducing NRW (recommendation #6) and commissioning high yielding wells operated with renewable energy.</p>	<p>The Embassy agrees with the recommendation and will include it in the terms of reference for the technical assistance.</p>
<p>Project Level</p>	
<p><i>Addition of activity line in the implementation timeframe</i></p>	

<p>Recommendation 6. The AT recommends the Royal Danish Embassy to create a separate activity line in the implementation timeframe for the Sikasso/Koutiala project for the reduction of NRW (41% now) and set intermediate targets for a faster implementation (30% after 6 months and 20% after 1 year). The implementation of the Sikasso/Koutiala Water Supply Project should prioritize performance improvement during the initial phase of the project (reducing non-revenue water from 40% to at least 20% (thereby increasing the availability of existing water resources by 33%) before mobilizing additional resources of which 40% will be lost under the prevailing conditions. The reduction of NRW is relatively low-cost and can ensure quick gains in performance and treasury.</p>	<p>The Embassy agrees on considering reduction of non-revenue water in Sikasso and Koutiala as a priority issue and it has been made clearer in the document that this is a part of the programme. It is foreseen that SOMAGEP with assistance from the TA will draft an action plan for urgent repair of leakages. The implementation of the plan by SOMAGEP will be financially supported by the project.</p>
<p><i>Memorandum of Delegated Cooperation</i></p>	
<p>Recommendation 7. The AT recommends updating the Memorandum of Delegated Cooperation between the Republic of Germany (KfW) and the Kingdom of Denmark for the Kayes Urban Water Supply Project (results framework in line with the increased budget, co-funding arrangements between the KfW, Denmark and the Government of Mali).</p>	<p>An agreement on delegated cooperation will be signed with KfW after ministerial approval of programme.</p>
<p><i>Technical Assistance contract</i></p>	
<p>Recommendation 8.1 Further clarifying the dual role of the Technical Assistance playing the role also of “project manager” (feasibility, detailed design and works supervision).</p>	<p>TORs have been clarified</p>
<p>Recommendation 8.2 Reinforce the Technical Assistance team with “sustainable water management” capacities.</p>	<p>Has been added to TA TORs</p>
<p>Recommendation 8.3 Reducing the input of the local / regional hydrogeologist whose input is overlapping with the Team Leader’s.</p>	<p>Agreed and adjusted in TORs</p>
<p>Recommendation 8.4 Including a provision for the purchase of certain technical equipment.</p>	<p>This will rather be covered by the budget line for the partner SOMAGEP/SOMAPEP</p>

<p>Recommendation 8.5 Increasing the budget line for alternative geophysical investigations to better identify the aquifers (airborne magnetics etc.) or alternatively include a budget line “contingencies” in the TA contract to allow for the implementation of “special services” during feasibility and detailed design phases.</p>	<p>Aspect has been strengthened in TORs</p>
<p><i>Integration of cross-cutting areas</i></p>	
<p>Recommendation 9. The AT recommends integrating cross-cutting areas on “Human Rights, Gender, Youth and applying a Human Rights Based Approach” in the Sikasso/Koutiala Project document and further developing the Human Rights Based Approach during the inception phase.</p>	<p>Aspects have been strengthened in documentation</p>

