

February 19, 2013

Response from IBRD on Approval by Mail: Tajikistan: Environmental Land Management and Rural Livelihoods Project (IBRD)

Dear Elizabeth,

Many thanks for your time on the phone today and the opportunity to answer your questions regarding the MPIS request for this project. Please see below a write-up of the points we touched upon in our discussion.

We thank you in advance for your consideration and approval of this project to be able to move forward and finalize preparation.

Best wishes,

Kanta

1 – Comparison of MPIS estimates with similar recent projects in Tajikistan: To help determine the preparation and supervision costs of this project, we based our calculations on the expenses of a recent IDA/GEF agriculture project in Tajikistan, which also followed a community driven approach, supporting various communities in designing and implementing rural investments. That project's expenses also show the significant project supervision costs as compared to preparation costs.

Based on the initial queries we received last week on project budget requirements, we re-calculated our supervision budget needs for 5 years of project implementation, and determined that with a supervision budget of approximately \$132,000/year (including mid-term review and completion report), we will be able to just meet the project's oversight requirements, including two supervision missions each year with site visits to each project-supported jamoat. We feel this is the minimum amount of supervision funding needed to be able to adequately supervise this project as designed.

2 - Ratio of preparation costs to supervision costs: As outlined above, the estimated supervision costs have been calculated based on realistic estimates and recent experience of similar projects in Tajikistan. Community-driven development is also a newer concept for Tajikistan, and as such, we estimate that more hands-on supervision will be required. More specifically, at least 10 jamoats will be visited each year, most of which are located in remote locations that can take up to 2 days to get to given poor infrastructure, which will have a bearing on the project's supervision costs. In addition, the preparation costs are lower in comparison to the estimated supervision costs because the team was able to lower transaction costs during the preparation of this project. The team that prepared this operation was working on another project in Tajikistan at the time, and was able to save on staff time and travel charged to this project. That project, however, has closed and the team will unfortunately not be able to benefit from the same cost savings during supervision.

Breakdown of costs of preparation and estimated supervision services requested for this project, including GEF resources and requested CIF MPIS:

	Resources requested for preparation and supervision	Expenses to date for preparation	Resources remaining for supervision
GEF	445,000	194,285	250,715
PPCR	550,000*	139,979	410,021
Total	995,000	334,264	660,736

*US\$ 200,000 of these resources were approved by the PPCR SC at the time of SPCR endorsement.

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