

PRIME

CENTRAL ASIA

Call for Proposals 2024

Migrant Contributions for Development



Tajikistan

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I. Introduction

The International Fund for Agricultural Development (IFAD) is an international financial institution and a specialized agency of the United Nations. Through its Financing Facility for Remittances (FFR), IFAD works to reduce poverty and promote development by leveraging both international and domestic remittances and migrant capital in rural areas of developing countries.

The FFR is launching the **Platform for Remittances, Investments and Migrants' Entrepreneurship in Central Asia (PRIME Central Asia)**, a programme co-financed by the European Union, with the aim to maximize the developmental impact of remittances by increasing access to them through digital methods, promoting digital and financial inclusion, and enhancing migrant returnees' access to income-generating activities, particularly in rural areas.

Under **PRIME Central Asia**, the FFR is pleased to launch the **Migrant Contributions for Development Call for Proposals 2024 (CfP24) for Tajikistan**: Leveraging remittances to foster financial and digital inclusion, and support the sustainable reintegration of migrant returnees for local economic development in rural areas.

PRIME Central Asia program is in line with the Government Resolution 314 of 1 July 2022 which approved the National Financial Inclusion Strategy (NFIS). IFAD's Program will seek to assist the Government and the National Bank of Tajikistan (NBT) in: diversifying financial products, digitalizing financial services, closing the gap in the use of financial products and focusing on reaching underserved groups, as well as offering capacity building to financial service providers to adapt financial services for remittance families.

II. Background

A. Remittances to Tajikistan

Remittances play an important role in the fight against poverty. Today, one billion people – one out of seven people on Earth – are involved in either sending or receiving international remittances. In 2023 alone, over half a trillion dollars in remittances were sent by over 200 million migrants to 800 million family members in low- and middle-income countries (LMICs).

Remittances are a crucial financial inflow for Central Asia, with over US\$24 billion received in 2023.¹ In particular the Kyrgyz Republic, Tajikistan and Uzbekistan are heavily dependent on remittances, of which a significant portion is sent from Kazakhstan. This vital source of income enables millions of families in the region to reach “their own Sustainable Development Goals”: fight poverty and improve access to nutrition, health, housing, education, as well as support entrepreneurship, savings and access to credit.

Most Tajik migrants (**73 per cent**) work outside Tajikistan seasonally, typically from February-March to October-November. The majority of them live in the Russian Federation. Other countries hosting the Tajik diaspora are the Kyrgyz Republic, Uzbekistan, Ukraine, Afghanistan and in smaller numbers Türkiye, Europe and the United States.

¹ World Bank, December 2023

As a diaspora host country, Tajikistan is home to an estimated 250,000 migrants, mainly from Russia, as well as smaller groups from Afghanistan, Kazakhstan, the Kyrgyz Republic, Uzbekistan and India.

In 2023, the flow of international remittances from Tajik migrants to their home country totaled US\$5.7 billion,² accounting for 48.2 per cent of its GDP. In 2023, 80 per cent of total remittance transfers were received from migrants in Russia. Other smaller corridors include Kazakhstan, Türkiye, Uzbekistan, United Arab Emirates, Ukraine, and the EU. Remittances are the most important source of income particularly for Tajik families in rural areas.

The average direct cost for remittances sent digitally to Central Asia and especially to Tajikistan are below 1 per cent, amongst the lowest in the world. However, for transfer corridors other than the Russian Federation and other Central Asia countries, costs can be much higher.

While on average individual remittances to the country are small, US\$200/month on average, they reach directly millions of poor people, many of whom reside in rural areas beyond access to formal financial infrastructure. The potential development impact of remittances is dramatically enhanced when these flows can be used for cashless payments and are linked to financial education and services such as savings, credit, insurance and business development.

Identified opportunity areas to maximize international remittances and the contribution of migrants, including returnees to the economy of Tajikistan, are summarized as follows:

Digital payments ecosystem. Digitalization of international remittances has proven to contribute to cost reduction and to drive financial inclusion among un(der)served populations.

- Applying digital technologies and creating an enabling environment for the development of the digital economy is one of the pillars of the Tajikistan's National Development Strategy. Still, insufficient and costly digital connectivity is a barrier to digital development.
- End of 2023 key decisions were made by the communications regulator to liberalize the market of access to mobile internet. It is expected that the entrance of TCell and Megafon as licensed internet data connectivity providers helps to reduce the cost for users and to improve the coverage which was only 2G in many areas outside the main cities.
- Tajikistan features a high level of mobile phone users and SIM cards users: about 1.3 per adult. However, the country is behind other countries in the Central Asia region in terms of mobile broadband subscriptions, with only 44 per cent of households subscribing in 2021, versus 53 per cent in the Kyrgyz Republic and 65 per cent in Kazakhstan.
- Financial technology development has increased in recent years. Indeed, the NBT authorizes remote identity confirmation for individuals using e-money and other digital financial products. Nonetheless, more is needed to promote digitalization in the country.
- The financial access infrastructure (ATMs, POS terminals) is limited outside the main cities, and the cost of using cards and bank accounts is high, as mobile access in rural areas is costly and limited.
- The high reliance on cash, low banking access and convenience, and better trust on cash transfers are barriers to digitalization of remittance flows. Incentives to choose digital are often needed.

² Source: World Bank, December 2023

Financial inclusion. Remittances are often the first financial service used by low-income migrants and their families, particularly in rural areas.

- Tajikistan’s NFIS 2022-2026 and its Roadmap for Financial Education since 2018 include financial products diversification linked to remittances as an objective, to be supported by international development agencies such as IFAD.
- Improving financial literacy is a key objective of the NFIS and is closely related to the objective of improving consumer protection.
- OECD’s financial inclusion 51.1 score for Tajikistan points to a need of further building financial knowledge.

PRIME Central Asia can be instrumental to deepen financial inclusion and bring **financial products diversity**, particularly amongst the most vulnerable in rural areas through: (i) developing and promoting financial products and services; (ii) incentivizing **linkages between remittances and other financial services (such as savings, loans and insurance)**; (iii) stimulating digitalization of financial services to further financial inclusion; (iv) studying the gaps in the use of financial products and focusing on reaching underserved groups; and (v) enhancing capacity of financial service providers (FSPs).

In turn, FSPs have a market opportunity in designing and implementing financial services that match the needs and preferences of migrants and remittance recipients.

Financial and digital education. FSPs can gain trust from remittance families by using transparency and financial literacy as drivers to deepen financial inclusion.

- Access to digital financial services in rural areas and smaller urban centers is growing, but many recipients do not fully know how to use accounts and payment cards.
- Among banked remittance recipients, the main reason for ‘sticking with cash’ appears to be lack of awareness about digital channels and their perceived complexity and risk.
- Many recipients do not fully know how to use accounts and payment cards, and are subject to cyber-scams.

More is needed to help families move from living from month to month’s income or from cashing out remittances to a more stable and resilient pattern.

B. Reintegration of Tajik migrant returnees

IOM Tajikistan reported 123,194 return migrant workers, 3,111 international migrant workers and 251,180 Tajiks as emigrants in 2023. The top three countries that migrant workers returned from were the Russian Federation (97 **per cent**), Kazakhstan (2 **per cent**) and Ukraine (0.4 **per cent**).

Vahdat and Rudaki districts in the Districts of Central Subordination (DCS), Kulob city in Khatlon region and Sino district in Dushanbe city hosted the largest number of returning migrant workers respectively.

Reintegration of returnee migrants requires proper guidance on available investment opportunities, access to finance, and business and skills training. Best practices in this topic

indicate that “sustainable reintegration is achieved when returnees have reached levels of economic self-sufficiency, social stability, and psychosocial well-being”. For more efficient and sustainable reintegration processes, programs should cover individual, community and structural level needs and multi-stakeholder interventions.

III. The Call for Proposals 2024 (CfP24)

To address the above-mentioned challenges and opportunities, IFAD’s FFR is seeking to engage with public, private, civil society and international organizations stakeholders through this Call for Proposals 2024 (CfP24) to: (i) maximize the developmental impact of remittances by increasing access to these transfers through digital methods, and promoting digital and financial inclusion, and (ii) promote remittance receiving families and migrant returnees’ access to income-generating activities, particularly in rural areas.

The CfP24 aims to address development opportunities by financing innovative cost-effective and replicable/scalable solutions and models that enhance digital usage of remittances and related financial services, particularly in rural areas, to ultimately improve income generating opportunities for remittance receiving families and migrant returnees.

Target group. Proposed interventions must have a direct impact on migrant workers sending remittances or returning home and receiving families in the four Central Asian countries included in PRIME Central Asia.

Either **individual** proposals for Tajikistan, or **regional** proposals covering one or more Central Asian countries –the Kyrgyz Republic, Uzbekistan and Kazakhstan– are eligible.

Call for Proposals 2024 – Specific objectives

Interested applicants may present project proposals that respond to at least one of the four PRIME Central Asia objectives specified below:

<p>Objective 1: Accelerate digitization of international remittances</p>	<p>Accelerate the full use of digital products and the digital payments ecosystem to support international remittances received.</p> <p>Expected impact:</p> <ul style="list-style-type: none"> - <i>Expand usage of channels and instruments for digital remittances and linked financial services.</i> - <i>Expand the outreach of financial access infrastructure or agents for payments and banking services to underserved locations, especially in rural areas.</i> - <i>Growth of digital payment offers linked to remittance services (such as e-commerce, online purchasing, school fees, bill payments for electricity, water, health care, G2P, agricultural inputs, etc.) or added-value services such as financial education tools.</i>
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	<ul style="list-style-type: none"> - <i>Cost-effective methodologies for the onboarding of new customers, especially disadvantaged segments of the population, such as low-income and female customers.</i>
<p>Objective 2: Leverage remittances to deepen financial inclusion in line with the NFIS</p>	<p>Enhance the availability of financial products adapted to the needs of rural and most vulnerable remittance recipients.</p> <p>Expected impact:</p> <ul style="list-style-type: none"> - <i>Expand access to a broader set of financial services linked to remittances, as an example: interest-term deposits, flexible savings (including group savings), emergency savings, microinsurance, emergency loans, affordable microenterprise credit, agri-finance, climate adaptation finance, etc.;</i> - <i>More rural men and women that can access, are aware of and use low-cost digital remittance services.</i>
<p>Objective 3: Promote deeper financial and digital education that fosters resilience and financial access in line with the NFIS</p>	<p>Enhance knowledge and confidence of remittance senders and receivers towards digital and financial products through targeted, cost-effective education programs.</p> <p>Expected impact:</p> <ul style="list-style-type: none"> - <i>Further enhance the financial management and planning skills of remittance senders and recipients, as well as migrant returnees through customised financial and digital education programs (ensuring participation of women, rural and low-income segments of the population will be encouraged).</i> - <i>New financial services linked to remittances are used by the most vulnerable.</i>
<p>Objective 4: Contribute to cost-effective and sustainable integration of migrant returnees</p>	<p>Sustainable reintegration of returnees measured by levels of economic self-sufficiency, social stability, and psychosocial well-being that make their migration decisions a matter of choice, rather than necessity.</p> <p>Expected impact:</p> <ul style="list-style-type: none"> - <i>Returnees benefit from stable income and new employment opportunities generated.</i> - <i>Returnees contribute to local economic development opportunities under scalable interventions.</i>

Who can apply?

- Public sector entities.
- Private sector entities including: (i) for-profit businesses and (ii) non-profit, non-governmental organizations. These may include licensed commercial banks, MTOs, MNOs, MFIs, Fintechs, financial cooperatives, diaspora networks, NGOs, Telcos and investment funds, among others.

- International organizations.

Strategic partnerships linking private stakeholders (for-profit entities and/or non-profit), public sector entities (central banks, financial sector regulators) and/or international organizations are welcomed.

Requirements for applicants are as follows:

- ✓ Must be a legal organization registered in an [IFAD Member State](#) (at least one of the parties involved in the proposal must be registered in a Member State);
- ✓ must show the license required to offer services in compliance with regulations in jurisdictions where it will operate;
- ✓ must have the capacity to enter into financial and legal agreements with IFAD, and comply with the procurement guidelines of IFAD (see [IFAD procurement guidelines](#));
- ✓ may not act as an intermediary, but be directly responsible for the preparation and management of the proposed project;
- ✓ must present audited financial statements in accordance with international standards for the two previous years;
- ✓ all applicants should have already reached sustainability in their operations, and have a proven track record in the area of expertise proposed for the project.

Financing requirements

Grant amount financed by IFAD: indicatively from €100,000 up to €450,000 for single country proposals.

A larger amount, to be discussed with IFAD, for regional proposals including two or more Central Asian countries.

Mandatory co-financing from applicant institutions: applicants are required to provide a minimum of co-financing to implement the project proposed. Co-financing should be equivalent to:

- 20 **per cent** of the grant amount requested to IFAD, if the applicant is a non-profit organization, a public entity or an international organization.
- 30 **per cent** of the grant amount requested to IFAD if the applicant is a for-profit entity.
- In both cases, at least 50 **per cent** of the co-financing amount should be in cash, i.e. through the purchase of new products and/or services required by the project. The remaining 50 **per cent** could be in-kind contributions, i.e. existing resources that will be used for the implementation of this project.

Project duration: the implementation period limit is August 2027, with committed results demonstrated within this period.

How to apply?

The application and selection process comprise the phases below:

PHASE 0. Ensuring Eligibility

1. Determine the eligibility of your organization (refer to section above on “who can apply?”)
2. If eligible, you may prepare the Initial Bilateral Meeting with the IFAD team based on the guidance provided in Annex 1 of this document. Please reach out to remit.tajikistan@ifad.org to request an Initial Bilateral Meeting.

PHASE 1. Initial Bilateral Meeting

The Initial Bilateral Meeting involves a **pitch meeting** with IFAD’s FFR and your organization. This meeting aims to present the project proposal that you would like to submit for grant financing from IFAD. In order

to prepare this meeting, please refer to **Annex 1** for guidance, as it includes the main questions that will be addressed. Although not required, feel free to send a version of **Annex 1** in ENGLISH (preferred) or RUSSIAN before the initial bilateral meeting to remit.tajikistan@ifad.org in order to facilitate the meeting discussions. IFAD will provide translation services for this Initial Bilateral Meeting as required.

PHASE 2 – Final Bilateral Meeting

Selected applicants from Phase 1 will be invited to complete **Annex 2** in ENGLISH (preferred) or RUSSIAN and send it *ahead of* a two-hour online meeting (Final Bilateral Meeting) to orally present the in-depth project proposal. After this final meeting, IFAD will inform the applicants if their proposal has been selected for funding. Please send Annex 1 and Annex 2 completed to remit.tajikistan@ifad.org at least **3 days before** the scheduled Final Bilateral Meeting. IFAD will provide translation services for this Final Bilateral Meeting as required.

PHASE 3 – Project Design

Project design will be carried out through pre-arranged online meetings and an onsite visit by the IFAD/FFR team. A project design document in ENGLISH will be finalized together with the applicant. Prospective bidders will be expected to provide a baseline of the existing situation and quantifiable expected outcomes and deliverables. IFAD will provide translation services only for the required meetings held during Project Design phase.

PHASE 4 – Grant Agreement signature

Once all IFAD management internal clearances and approvals are obtained, a Grant Agreement will be prepared in ENGLISH and signed by both parties (applicant and IFAD). Disbursements will be made in accordance with the agreed financial plans of individual proposals.

Timelines

Timeline for the Call for Proposals 2024	
Kick-off meeting Tajikistan	March 12, 2024
Phase 1- Initial bilateral meetings	
Individual preparatory sessions	March 13 (in person)
Annex 1 – use as reference and send in English (preferred) or Russian	March 18 - April 26 (online)
Announcement of pre-selected proposals	May 10, 2024
Phase 2 –Final bilateral meeting	
Final bilateral session for pre-selected proposals	May 14- May 31, 2024
Annex 2 – Guidance for Final Meeting Call Written document in English (preferred) or Russian	
Announcement of selected projects**	June 5, 2024
Phase 3 – Project design document preparation	June 6—August 30, 2024

(only in English)

**Phase 4: IFAD Board Approval, Grant Agreement
document (only in English) and disbursement**

By October, 2024

**Dates may vary according to number of projects and complexity of projects received.*

***Selected proposals will undergo a final internal review within IFAD. A project will only be considered approved at the moment of signature of the Grant Agreement between IFAD and the applicant.*

Annex 1- Guidance Form for Initial Bilateral Meeting

In order to prepare your meeting with the IFAD team, please prepare the following discussion points around the project proposal that you would like to submit under this Call for Proposals 2024:

<p>1. Relevant expertise. Describe your organization’s relevant expertise in the remittance market and/or reintegration of migrant returnees that would enable your organization to implement the proposed project.</p>
<p>2. Definition of the project. Present the main activities that your organization aims to implement in order to achieve this Call for Proposals’ objectives, and define the implementation period.</p>
<p>3. Geographical area for implementation. One country name and country regions: _____ Regional (2 or more countries eligible under PRIME Central Asia and their respective regions): .</p>
<p>4. Project’s expected results. To the extent possible, please provide tangible targets and measurable indicators.</p>
<p>5. Estimated budget. Please refer to the Financing Requirements section and indicate: a. The grant amount that would be required to implement this project. b. The co-financing amount that your organization will be able to contribute.</p>

Annex 2. Guidance for Final Meeting Call

(Only for selected applicants)

<p>1. Project context. Please include:</p> <ul style="list-style-type: none">a. The challenges that this project is aiming to respond to. <p>Depending on the focus of the project:</p> <ul style="list-style-type: none">b. Legal environment of the country(ies) remittance market where the project will be implemented (if the focus is on remittances).c. Economic opportunities for migrant returnees (if the focus is on returnees).
<p>2. Relevant expertise. This section is aimed to showcase why your organization is in a position to address the challenges mentioned in the section above. Some key indicators to showcase your expertise in the area of remittances may include:</p> <ul style="list-style-type: none">a. Volume/value of remittance flows managed by the organization, with market share if possible;b. Number of remittance access points (agents, ATMs, etc.), especially in rural areas;c. Customer base;d. Corridor(s) coverage;e. Enabling legal framework (your licensing status or partnership agreements, that showcase your organization complies with all legal requirements) <p>For reintegration of returnee projects, please include a brief description of previous implemented projects and impact achieved.</p>
<p>3. Project description. Describe briefly each set of activities that will be required to implement the project. You can break down these activities in different components.</p>
<p>4. Implementation arrangements. Define the institutional set-up that will be put in place to implement the project. Mention the project partners, if any, and their role. Showcase which units/focal points from your organization will be part of this project.</p>
<p>5. Innovation. State how the project proposed is bringing a solution that is new in terms of country context, scale or line of business. IFAD projects are expected to innovate, by exploring new methodologies, institutional arrangements or technologies in the context in which they are applied.</p>
<p>6. Sustainability. Describe the main assumptions vis-à-vis the sustainability of project benefits to the target group – who benefits? what benefits? for how long?</p>

7. **Scaling-up potential.** Define the growth opportunities that this project will have beyond implementation timeline. This may include expanding or adapting results so that your organization can impact a greater number of customers, especially rural and low-income.

8. **Budget.**³ Indicate the grant amount requested from IFAD's FFR, in Euro. Indicate co-financing that will be provided by the applicant institution (and other project partners), in Euro.

³ 1) Overheads, management fees and indirect expenditures that are not directly linked to the implementation of the project are not eligible under IFAD's FFR grant financing. You may include these costs as co-financing.

2) Grantees of the IFAD/FFR are required to provide a minimum of co-financing equivalent to: 20 per cent of the grant amount requested in the case of a non-profit/international organization applicant and 30 per cent of the grant amount requested in the case of a for-profit applicant. 3) Fees generated by services offered through the project cannot be used as counterpart contributions. These should rather be viewed as a primary instrument for ensuring the long-term sustainability of the project.

Annex 3. Selection Criteria

Proposals from eligible applicants will be evaluated on the basis of the below criteria.

- (i) **Impact (30 per cent).** Whether the project/initiative demonstrates specific cost-effective benefits for remittance families, particularly in rural areas, and whether the results expected in are realistic and well explained. Specific results should be clearly defined.
- (ii) **Sustainability and Scalability (20 per cent).** Whether the project presents the resources to be maintained to be maintained over time, and also to grow and be applied to other contexts and target audiences to achieve greater impact and reach over time without continued IFAD/FFR support.
- (iii) **Relevant Expertise (20 per cent).** The financial, managerial, and technical proven experience in the area of remittances, digitization of financial services and/or reintegration of returnees. Applicants must provide evidence of interest and/or commitment from partners.
- (iv) **Degree of innovation (10 per cent).** To what extent the project/initiative proposes new ways to address identified problems and is unique compared to existing models/trends, based on its content and/or delivery methodology. Constraints to innovation specific to proposal country/region should be addressed (legal, political, regulatory, etc.).
- (v) **Market positioning (10 per cent).** The extent to which the applicant clearly addresses a specific market segment/corridor and properly assess its comparative advantages to do so. The proposal will demonstrate the depth of the market and the applicant's ability to design a commercially viable business model with appropriate products and distribution channels. Financial and organizational sustainability must be viable.
- (vi) **Implementation strategy (10 per cent).** Whether the project/initiative clearly describes the specific activities, operational arrangements and partnerships that have been and will be developed to implement it. Whether project activities, workplan, budget are feasible.