

---

## **President's report on a proposed grant to the private sector for Kompanion Bank for Kyrgyz REMIT: Digital Access to Remittances in Rural Areas**

Project ID: 2000005463

---

Document: EB 2025/144/R.6

Agenda: 3(a)(ii)(a)

Date: 16 April 2025

Distribution: Public

Original: English

### **FOR: APPROVAL**

**Action:** The Executive Board is invited to approve the recommendation contained in paragraph 23.

---

---

### **Technical questions:**

**Pedro de Vasconcelos**  
Lead Technical Specialist, Manager  
Financing Facility for Remittances  
Sustainable Production, Markets and Institutions Division  
e-mail: p.devasconcelos@ifad.org

**Nigel Brett**  
Director  
Sustainable Production, Markets and  
Institutions Division  
e-mail: n.brett@ifad.org

---

# President's report on a proposed grant to the private sector for Kompanion Bank for Kyrgyz REMIT: Digital Access to Remittances in Rural Areas

## I. Background and compliance with the IFAD Regular Grants Policy

1. Remittances are a crucial financial inflow for Central Asia, representing a significant contributor to the economy of the Central Asian countries, with over US\$24 billion received in 2023.
2. In recent years, Central Asia has been significantly impacted by the war in Ukraine, as traditional migration routes to the Russian Federation have shifted partially towards other destinations, including European Union countries, Türkiye, Gulf countries and the United States, with the highest number of returnees occurring during the first years of the conflict. As a consequence, new remittance corridors have emerged, creating new opportunities for innovative business models.
3. In 2023, the flow of international remittances from Kyrgyz migrants to their home country grew by 14.5 per cent, reaching US\$2.6 billion and accounting for 20 per cent of the country's GDP.<sup>1</sup> Some 94 per cent of remittances came from Kyrgyz migrants in the Russian Federation. While average individual remittances to the Kyrgyz Republic are relatively small, at around US\$270 per month, they reach around 21.5 per cent of households in a country where 65 per cent<sup>2</sup> of the population lives in rural areas.<sup>3</sup> Remittances are received by households across various income levels, with the poorest households relying on them the most, as they account for 41 per cent<sup>4</sup> of their income. The development impact of remittances is significantly enhanced when these funds are channelled through cashless payment systems and linked to financial education, savings, credit, insurance and business development services.
4. The accelerated digitalization of payment systems in remittance-reliant countries such as Kyrgyzstan reflects a shift away from cash-based remittances. This growing preference for digital transactions creates opportunities for greater financial inclusion. However, it is important to address persistent gaps in digital access and financial literacy between urban and rural populations. Use of digital channels remains concentrated in urban areas, where 25 per cent of the population receive remittances through bank accounts, compared with 11 per cent in rural areas.
5. Despite recent progress in access to banking services, many migrants and their families, particularly those in rural areas, continue to face limited access. Many individuals still lack bank accounts or encounter barriers to using digital financial services. Designing personalized financial products that cater to the specific needs of migrants and their families, such as savings and credit solutions informed by data-driven insights into user behaviour, can improve both access and uptake of these services.
6. Opportunities for financial inclusion are enhanced by innovative, cost-effective and replicable/scalable solutions and models that promote greater digital use of remittances, particularly in rural areas, along with related financial services. However, it is crucial to address existing disparities in digital access and financial literacy between urban and rural communities.

<sup>1</sup> National Bank of the Kyrgyz Republic. 2024. *Annual Report 2023*.

<sup>2</sup> As of January 2024. National Statistical Committee of the Kyrgyz Republic. 2024.

<sup>3</sup> World Bank. 2023.

<sup>4</sup> Abidi N., Akhbari M., et al. 2023. *Remittances and Social Safety Nets During COVID-19: Evidence from Georgia and the Kyrgyz Republic*. International Monetary Fund working paper No. 2023/094.

7. The proposed project will be financed through the supplementary-funded programme cofinanced by the European Union Platform for Remittances, Investments and Migrants' Entrepreneurship in Central Asia (REMIT PRIME Central Asia), implemented by IFAD's Financing Facility for Remittances. REMIT PRIME Central Asia aims to maximize the impact of remittances on sustainable development in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan by advancing digital financial inclusion and income-generating activities, enhancing the enabling environment for affordable digital remittance markets, and promoting sustainable economic integration of rural families reliant on remittances and reintegration of returnees.
8. As per the IFAD Private Sector Engagement Strategy 2019–2024, the Regular Grants Policy, IFAD's supplementary fund operating procedures and the Delegation of Authority Framework, all funds granted to private sector entities must be approved by the Executive Board.
9. The recipient was identified through a competitive selection process. A [national call for proposals \(CfP\)](#) in Kyrgyzstan was launched on 6 March 2024, resulting in seven submissions: three from commercial banks, two from public authorities and two from NGOs. A dedicated technical review committee conducted a thorough assessment of the proposals, ensuring compliance with eligibility criteria and alignment with the CfP objectives. The European Union, as the primary donor, reviewed the committee's recommendations and approved the final selection of the awarded project.
10. The project approach aligns with IFAD's Inclusive Rural Finance Policy in Kyrgyzstan and its broader commitment to enhancing financial inclusion for underserved populations, particularly by improving access to and the use of financial services for rural communities through remittances on a sustainable basis.
11. The project responds to the priorities identified in IFAD's country strategic opportunities programme (COSOP) 2025–2030 for Kyrgyzstan, reviewed in August 2024, concerning the strategic potential of remittances. The COSOP emphasizes that remittances play a critical macroeconomic role by reducing poverty, boosting consumption and investment, fostering financial and digital inclusion, and contributing to economic growth. It also highlights IFAD's capacity to capitalize on remittances through its Financing Facility for Remittances. The project will seek synergies with upcoming IFAD projects in the country.

## II. The proposed project

12. The overall goal of the project is to enhance the financial resilience and economic empowerment of Kyrgyz remittance-receiving families through cost-effective digital remittance channels and innovative approaches to financial inclusion. The specific objectives are to: (i) develop mobile application functionality for remittance transfers and introduce new digital channels for international money transfers into the country; (ii) develop personalized financial products and services based on user behaviour data analysis; (iii) promote comprehensive financial and digital education for migrants and their families; and (iv) implement educational programmes and campaigns to improve financial literacy.
13. The target group consists of approximately 166,000 people, primarily in rural areas of the country, who will benefit from the project's services, including remittances sent by Kyrgyz migrants working in European Union countries, the Republic of Korea, the Russian Federation, Türkiye and the United States.
14. The project will be implemented over two years and will have the following components.
15. **Component 1. Enabling the digitalization of remittances through an enhanced mobile application.** This component's primary objective is to upgrade

the functionality of the existing Kompanion Bank app to facilitate digital remittance transfers along emerging migration corridors. The aim is to meet the needs of both senders working abroad and recipients, particularly those in underserved rural areas.

16. **Component 2. Using remittances to expand financial inclusion.** This component aims to improve access to financial services linked to remittances that are tailored to recipients' needs and preferences. This will be achieved by applying a "next best offer" approach that uses data analytics to identify typical client behaviours, score clients through an algorithm and offer them suitable financial products via the mobile app. Based on this analysis, at least one savings product and one credit product will be developed. The component will also enhance digital and financial literacy training, with a specific focus on remittance recipients. Awareness-raising, financial literacy and marketing activities will support product uptake.
17. **Component 3. Increasing employment and income-generating opportunities in rural areas.** Considering the development potential of remittances and the opportunities for business creation in rural areas, this component will aim to improve the financial well-being of migrants, returnees and their families through entrepreneurship training focused on agribusiness. Lessons learned from this experience will be documented to identify opportunities for scaling up within IFAD programmes.
18. **Component 4. Project management and monitoring.** Activities within this component will ensure efficient project implementation, oversight and continuous monitoring, enabling the effective execution of activities and alignment with project objectives. It will focus on ensuring proper coordination, tracking progress and making necessary adjustments to maximize impact and sustainability.

### III. Expected outcomes and outputs

19. The project is expected to achieve the following outcomes and outputs:
  - (i) **Enabling the digitalization of remittances through an enhanced mobile application**  
**Indicators:**
    - 80,000 remittance recipients using Kompanion Bank accounts and the mobile app interface across all corridors. This includes 21,000 customers using the Kompanion Bank application to receive remittances from new corridors.**Outputs:**
    - Needs identified among 50 remittance senders across four target corridors;
    - Needs identified among 300 target remittance recipients;
    - Algorithm developed to generate automated, personalized and targeted product recommendations through the bank's mobile app for remittance users;
    - Remittance functionality integrated into the mobile app, including connections with money transfer operators for four new corridors.

**(ii) Using remittances to expand financial inclusion****Indicators:**

- 2,000 remittance recipients and senders open new, tailored savings accounts;
- 10,000 remittance recipients and senders access new, tailored credit products.

**Outputs:**

- A new savings and credit product developed, tailored to the needs of remittance-receiving families;
- 2,000 remittance recipients receive financial and digital literacy training;
- Awareness campaigns reach 600,000 Kyrgyz migrants in sending countries and 2.5 million remittance recipients in Kyrgyzstan;
- 1,080 agents trained on remittance-linked products and digital financial services.

**(iii) Increasing employment and income-generating opportunities in rural areas****Indicators:**

- 400 jobs created across 200 supported businesses (two jobs per business).

**Outputs:**

- Entrepreneurship support provided to 200 returnees and migrant families;
- A case study produced to document lessons learned and highlight best practices, specifically targeting remittance recipients and returnees.

**IV. Implementation arrangements**

20. Kompanion Bank, as the grant recipient, will receive and manage the funds and will be responsible for overall project implementation. A grant agreement will be concluded between IFAD and the recipient, setting out the terms and conditions for fund management, project implementation and the recipient's performance obligations.
21. The disbursement structure will deviate from the standard procedures, with advance disbursements linked to specific operational milestones to help to keep the project on track towards its final objectives. The grant will include three disbursements:
  1. The first payment will be disbursed after the grant effectiveness in an amount not to exceed 75 per cent of the expenditures included in the relevant annual workplan and budget (AWPB) for year 1 having received IFAD no objection.
  2. A second payment will be disbursed in the second year of implementation, for an amount not to exceed 75 per cent of the expenditures included in the AWPB for year 2 having received IFAD no objection. This payment will be disbursed at IFAD's discretion on the basis of its assessment of the year 1 progress report showcasing the achievements of year 1 and the submission of a certified statement of expenditure demonstrating the use of at least 80 per cent of the first payment.
  3. A final payment (if required, based on IFAD's assessment) will be equal to the difference between the total amount spent by the recipient in this project during implementation and the amount already disbursed by IFAD within the total grant financing. The final payment will be disbursed at IFAD's discretion

following receipt by IFAD of a satisfactory final completion report showcasing the achievement of all project outputs and outcomes.

## V. Indicative project costs and financing

22. The total cost of the project is EUR 538,900, comprising an IFAD grant contribution of EUR 376,700 (70 per cent) and a counterpart contribution of EUR 162,200 (30 per cent) provided by the recipient (50 per cent in cash and 50 per cent in kind). Kompanion Bank's contribution spans all project components, demonstrating its strong commitment to accountability and alignment with the project's objectives throughout implementation. Specifically, Kompanion Bank will finance 40 per cent of the salaries required for project implementation and key marketing costs. Meanwhile, IFAD's funding will cover consultancy services, goods and services, salaries, workshop expenses and travel.

Table 1

### Costs by component and financier

(Thousands of euros)

<i>Component</i>	<i>IFAD</i>	<i>Kompanion Bank</i>	<i>Total</i>
1. Enabling the digitalization of remittances through an enhanced mobile application	84	22	106
2. Using remittances to expand financial inclusion	254	118	372
3. Increasing employment and income-generating opportunities in rural areas	7	5	12
4. Project management and monitoring	32	17	49
<b>Total</b>	<b>377</b>	<b>162</b>	<b>539</b>

Table 2

### Costs by expenditure category and financier

(Thousands of euros)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Kompanion Bank</i>	<i>Total</i>
1. Consultancy services	52	-	52
2. Good and services	135	51	186
3. Salaries and allowances	148	107	255
4. Travel	24	4	28
5. Workshops	18	-	18
<b>Total</b>	<b>377</b>	<b>162</b>	<b>539</b>

## VI. Recommendation

23. I recommend that the Executive Board approve the proposed European Union-funded grant to Kompanion Bank in accordance with the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Kyrgyz REMIT: Digital Access to Remittances in Rural Areas, shall provide a grant of three hundred and seventy-six thousand seven hundred euros (EUR 376,700) to Kompanion Bank, upon such terms and conditions as shall be substantially in accordance with those presented to the Executive Board herein.

Alvaro Lario  
President

## Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	To enhance the financial resilience and economic empowerment of Kyrgyz remittance families through cost-effective digital channelling of remittance flows and financial inclusion innovations	New persons receiving services promoted or supported by the project: 166,000, 60% women and 80% rural	Number of unique clients who received money transfers (online and by traditional method) and used the mobile application. This is measured by the customer registration on the app	
<b>Objectives</b>	<ul style="list-style-type: none"> <li>Develop functionality of remittance transfers in a mobile application and introducing new digital channels for remittances into the country</li> <li>Develop personalized financial products and services based on analysis of user behaviour data</li> <li>Promote comprehensive financial and digital education for migrants and their families</li> <li>Implement educational programmes and campaigns to improve financial literacy</li> </ul>	<p>An increase of 80,000 (from 270,000 to 350,000) recipients receiving remittances across all corridors into a Kompanion account and using the interface of the Kompanion Bank app for remittances</p> <p>Out of these, new 21,000 unique customers using the Kompanion Bank app interface to receive remittances from new corridors (50% of whom will be women, and 50% from rural areas) 12,000 Kompanion Bank remittance recipients have access to a savings and a credit product offered by the bank</p>	<ul style="list-style-type: none"> <li>Kompanion Bank MIS</li> <li>Training reports, client opinions and evaluations</li> <li>Marketing reports</li> <li>Kompanion Bank reports measuring the amounts saved and amounts of loans by project beneficiaries</li> </ul>	<p>No significant events change the migration patterns in the country and the region</p> <p>Research done amongst target groups confirms need and willingness to use a mobile app based remittance service</p> <p>Remittance senders in 4 new corridors can be reached to enroll in the use of Kompanion Bank app</p>
<b>Outcomes/ outputs</b>	<p><b>Outcome 1</b> <b>Enabling digitalization of remittances through an enhanced mobile application</b></p> <p><b>Outputs</b></p> <p>1.1 Identified needs among 50 remittance senders in 4 target corridors</p> <p>1.2 Identified needs among 300 target remittance recipients</p> <p>1.3 Algorithm created to generate automated personalized and target product recommendations through the bank's app for remittances</p>	<ul style="list-style-type: none"> <li>An upgraded bank app adapted to the needs of Kyrgyz remittance families that enables recipients to receive remittances in a digital form.</li> <li>The app is enhanced to enable recipients to access savings and credit products.</li> <li>4 new corridors integrated with Kompanion Bank to receive remittances</li> </ul>	<p>Kompanion Bank MIS</p> <p>Survey reports</p> <p>Contracts with partner MTOs in new corridors</p> <p>Mobile application link</p> <p>NBO operational reports</p> <p>Marketing reports</p> <p>Random training assessments among participants</p> <p>Enterprise registration and/or employment confirmation among remittance recipients and returnees who have received training</p>	<p>Baseline include recipients online from Russia and other new corridors</p> <p>The bank has the capacity to collect social indicators specifically for rural clients and women</p> <p>The bank has the systems to collection information in place regarding remittance families (senders and recipients)</p>

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	<p>1.4 Functionality of remittances developed into the mobile app and integration with MTOs for 4 new corridors</p> <p><b>Outcome 2</b> <b>Using remittances to expand financial inclusion</b></p> <p><b>Outputs</b> 2.1 A new savings and credit product developed, adapted to the needs of remittance families 2.2. <b>2,000</b> remittance recipients receive financial and digital literacy trainings 2.3 <b>600,000</b> Kyrgyz migrants in sending countries and 2.5 million remittance recipients in Kyrgyz Republic reached via awareness campaigns 2.4 <b>1,080</b> agents trained on remittance-linked products and digital services</p> <p><b>Outcome 3</b> <b>Increase employment and income-generating opportunities in rural areas</b></p> <p><b>Outputs</b> 3.1 Entrepreneurship support provided to 200 returnees and migrant families 3.3 A lessons learned case study highlighting best practices from this activity, specifically for remittance recipients and returnees</p>	<ul style="list-style-type: none"> <li>2,000 remittance recipients and senders open a new tailored savings account</li> <li>10,000 remittance recipients and senders accessing new tailored credit products</li> <li>400 jobs created across 200 supported businesses (2 jobs per business)</li> </ul>		<p>Each person gets reached through media campaigns through 7 means on average</p> <p>Interest from migrant families and returnees to create enterprises rather than migrating</p>
<b>Key activities by component</b>	<p><b>Component 1</b> 1.1 Needs assessment among remittance senders in target corridors 1.2 Needs assessment among remittance recipients in terms of app use 1.3 Mobile application adapted for international remittances and integration with new partner MTOs</p> <p><b>Component 2</b> 2.1 Development of financial products linked to remittances</p>	<ul style="list-style-type: none"> <li>50 respondents: 50% women</li> <li>300 recipients surveyed: 100% rural and 60% women</li> <li>4 new corridors opened</li> <li>12,000 unique senders and recipients using new services linked to remittances</li> <li>2,000 remittance recipients, returnees trained on financial and digital literacy: 59% women and 90% rural</li> </ul>	<p>Survey reports</p> <p>Mobile application functionality and accessibility, as well as usability statistics</p> <p>Training materials, list of participants, customer satisfaction surveys</p>	



Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<p>2.2 Financial and digital education among remittance recipients</p> <p>2.3 Awareness raising about products among senders and recipients as users of the App</p> <p>2.4 Capacity building of agents in rural areas</p> <p><b>Component 3</b></p> <p>3.1 Enhancing entrepreneurship among migrant families and returnees in rural areas</p>	<ul style="list-style-type: none"> <li>• Marketing: 600,000 people reached in sending countries; and 2.5 million people reached in country</li> <li>• 1,080 agents promoting enhanced app and financial products linked to remittances</li> <li>• 200 rural people trained in agribusiness</li> </ul>		

## Financial governance

Given the selection of a private sector entity as the recipient (see Appendix III for details on the competitive selection process), the strictest financial management and governance frameworks will be set in place. These will ensure that IFAD resources are being used most efficiently to achieve the objectives of the project.

This appendix covers details on: (a) financial management overview, (b) financial management systems, and (c) audit arrangements.

### a. Financial management system, including accounting specifications

The project's financial management arrangements and internal control systems will be designed to meet IFAD's requirements, ensuring the efficient and accountable use of resources.

Kompanion Bank has a robust internal control system and adheres to international accounting standards, including the use of CBS (Computerized/Automated Banking System) for managing financial data, and compliance with the International Financial Reporting Standards (IFRS).

The Grant will use the EU-funded IFAD Grant Agreement template which covers specific EU fiduciary requirements related to disbursement, accounting, reporting and auditing. There will be deviation for provision 3.3 "Disbursement" under Schedule 3 of the Grant Agreement, other than that, General Provisions are the ones applicable to the EU-funded IFAD Grant Agreement.

The disbursement arrangement will deviate from section 3.3 of Schedule 3 – General Provisions Applicable to EU-Funded IFAD Grant Agreements. Instead, disbursement arrangements will follow the structure below.

The grant will include three disbursements:

1. The **first payment** after the grant effectiveness, for an amount that shall not exceed 75 per cent of the expenditures included in the relevant workplan and budget for Year 1 that has received IFAD no-objection.
2. A **second payment** in the second year of implementation, for an amount that shall not exceed 75 per cent of the expenditures included in the relevant workplan and budget for Year 2, that has received IFAD no-objection. This payment shall be disbursed in IFAD's discretion on the basis of its assessment of the Year 1 Progress Report showcasing the achievements of Year 1 and the submission of a certified Statement of Expenditure demonstrating the use of at least 80% of the first payment.
3. A **final payment** (if required, on the basis of IFAD's assessment) should be the difference between the total amount spent by the Recipient in this project during implementation and the amount already disbursed by IFAD within total grant financing. This payment shall be disbursed after receipt by IFAD of a satisfactory Final Completion Report showcasing the achievement of all project outputs and outcomes.

The Recipient may request withdrawals from the Grant through the submission to IFAD of a Withdrawal Application and other required documentation as listed at [www.ifad.org/grantforms](http://www.ifad.org/grantforms). For the second and third Withdrawal Application, in addition to

the above-mentioned milestones, the Recipient shall submit to IFAD a Statement of Expenditure demonstrating the use of at least 80 per cent of the preceding instalment and 100 per cent of previous instalments, if any. No Withdrawal Application will be accepted by IFAD after the Grant Closing Date unless IFAD has agreed in writing to an extension.

Each one of the above instalments will be channelled to the Recipient only if and to the extent that the relevant funds under the EU Contribution have been duly received by IFAD from the EU. IFAD may also request additional information and supporting documentation.

Cash flow control will be managed by a dedicated Project Administrator at Kompanion Bank, responsible for overseeing transfers, expenses, and pending balances. Kompanion Bank's finance and control team, composed of professionals with over 20 years of experience, will supervise the financial operations of the Grant. Kompanion Bank is committed to conducting business with the highest level of integrity.

Through its Board of Directors and senior management, Kompanion Bank maintains and continuously enhances its global financial economic crime compliance framework. This framework comprises policies, procedures, minimum standards, and internal controls designed to ensure compliance with the relevant laws and regulations in the jurisdictions where it operates. Kompanion Bank maintains business relations based on high ethical standards, as outlined in its Code of Conduct.

## **b. Procurement procedures**

Procurement of goods, works and services required for the Project shall be carried out in accordance with IFAD's Project Procurement Guidelines (<https://www.ifad.org/en/-/document/project-procurement-guidelines>), and as per procurement procedures agreed by the Parties, which cannot be materially altered without the prior approval of IFAD. In all cases where procurement worth more than two hundred thousand United States dollars (US\$200,000) or equivalent is covered under the Project Budget, the Recipient shall be required to submit a Procurement Plan.


## **c. Audit arrangements**

As per section 3.8 of Schedule 3 of the standard EU-funded IFAD Grant Agreement, the Recipient is required to submit to IFAD its annual audited institutional financial statements, audit opinion on the Statement of Expenditures, and its management letter by no later than 6 months of the Recipient's fiscal year end.

## Overview of selection process and rationale for selection of private sector recipient

The Recipient, Kompanion Bank, was selected through a competitive process under the framework of Platform for Remittances, Investments and Migrants' Entrepreneurship in Central Asia (REMIT 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.

On 6 March 2024, PMI's Financing Facility for Remittances (FFR) launched the "*Migrant Contributions for Development Call for Proposals 2024 (CfP24) for the Kyrgyz Republic: Leveraging remittances to foster financial and digital inclusion, and support the sustainable reintegration of migrant returnees for local economic development in rural areas.*"

Published guidelines can be found in this link:  [CfP\\_KyrgyzRepublic\\_Updated.pdf](#)

The CfP24 had three stages:

**PHASE 1. Initial Bilateral Meeting (18 March – 5 April 2024, extended to 19 April)**

The initial bilateral meeting involved a pitch session with IFAD's FFR, aimed at presenting the project proposal for potential grant financing from IFAD. During this phase proponents were required to present basic information, including relevant expertise, project definition, geographical area of implementation, expected results and an estimated budget.

Announcement of preselected proposals: 10 May

**PHASE 2. Final Bilateral Meetings (14 – 31 May 2024)**

Selected applicants from Phase 1 were invited to complete a more detailed project proposal and submit it ahead of a two-hour online meeting, where they would orally present their in-depth project proposal. This phase required proponents to present the following information: project context, a more detailed description of relevant expertise, project description, implementation arrangements, innovation, sustainability, scaling up potential and a detailed budget.

**PHASE 3. Announcement (5 June 2024)**

This phase involved the selection of finalists prior to engaging in project design.

A Competitive Selection Evaluation Team (CSET), chaired by the FFR Manager, was formed by remittance and development specialists: two technical specialists from the FFR (PMI Division), two expert consultants in remittances, financial inclusion and local development from the FFR, and two Central Asia financial sector expert consultants of the FFR.

As a result of the CfP in the Kyrgyz Republic, seven proposals were received from five local banks and two public entities. A dedicated technical review committee conducted a thorough assessment and ranking of these proposals, ensuring compliance with eligibility criteria and alignment with the CfP objectives.

Five private sector entities:

1. Kompanion Bank
2. Finca Kyrgyzstan
3. Union of Banks of Kyrgyzstan
4. Alliance of Trainers and Consultants (ATIC)

## 5. BT Innovations Fund

Two public sector entities:

6. Ministry of Water resources, Agriculture and Processing Industries of the Kyrgyz Republic
7. National Bank of the Kyrgyz Republic

All proposals met the minimum criteria for competitive evaluation. The selection process adhered to the principles of impartiality, transparency, and rigor.

The CSET evaluated the proposals according to the following criteria: (i) Impact (30 per cent); (ii) Sustainability and Scalability (20 per cent); (iii) Relevant Expertise (20 per cent); (iv) Degree of innovation (10 per cent); (v) Market positioning (10 per cent); and (vi) Implementation strategy (10 per cent).

After evaluating the strengths and weaknesses of each submission, the evaluators selected two proposals: Kompanion Bank and the Ministry of Water Resources, Agriculture and Processing Industries. Kompanion Bank was chosen as the grant recipient due to its innovative approach and alignment with the CfP's strategic goals. The European Union (EU), as the primary donor, reviewed the committee's recommendations and approved the final selection of the awarded projects.

This decision for Kompanion Bank was based on the following four key factors.

Financial inclusion and rural outreach. Kompanion Bank has a strong rural focus, with 60 per cent of its customers' deposits (of US\$194 million total deposits) held outside Bishkek. This is further confirmed by a 14 per cent increase in its agriculture loan portfolio, which grew from US\$54 million in 2022 to US\$62 million in 2023, representing 37 per cent of the total loan portfolio in 2023. Kompanion Bank's commitment to rural development is further demonstrated through its annual Farmer Field School training for vulnerable communities.

Enabling digital remittances and leveraging financial services. Kompanion Bank is committed to serving migrants and their families, with an impressive track record in managing remittances, financial literacy, and community support initiatives. With a market share of approximately 13 per cent in the remittance business, Kompanion Bank stands out as a Kyrgyz leader in this essential service for migrant workers and their families.

Innovative lending solutions for remittance recipients. Recognizing the unique needs of remittance recipients, Kompanion Bank has begun developing innovative loan products that utilize remittance history as a form of credit assessment. This approach creates new opportunities for individuals who may not have a traditional credit history, offering them a pathway to financial inclusion and supporting their economic advancement.

Overall, commitment of Kompanion Bank to financial literacy and community support is strong. It is the only financial institution in Kyrgyzstan with a dedicated Community Support Department, providing financial literacy training for its clients and the broader community. Since 2019, Kompanion Bank has offered specialized training for remittance families on effectively managing remittance income.