
President's report on a proposed grant to the private sector for FINCA Tajikistan for Tajik REMIT: Enhancing Rural Access and Use of Remittances

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

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President's report on a proposed grant to the private sector for FINCA Tajikistan for Tajik REMIT: Enhancing Rural Access and Use of Remittances

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 particular, in the Republic of Tajikistan, 71 per cent of the population lives in rural areas.¹ In 2023, the flow of international remittances from Tajik migrants to the country totalled US\$5.7 billion, estimated at 34.9 per cent of its GDP; 80 per cent of remittance transfers to the country were received from migrants in the Russian Federation. Other smaller corridors are Kazakhstan, Türkiye, Uzbekistan, European Union countries (mainly Germany) and the United Arab Emirates. Most Tajik migrants (36 per cent) are employed in the construction sector in the Russian Federation.²
4. According to the World Bank, 42 per cent of households in the country had a migrant member; overall, 18 per cent of households were receiving remittances in 2023.³
5. Opportunity areas and challenges that have been identified to maximize international remittances and the contribution of migrants, including returnees, to the economy of Tajikistan, include accelerated digitalization of the payments ecosystem, and financial and digital education. In fact, the development impact of remittances is greatly amplified when these funds are integrated into cashless payment systems and connected with financial education, savings, credit, insurance and business development services.
6. Despite recent progress in terms of access to banking services, the banking system in Tajikistan is still characterized by a low level of financial inclusion and high financial stability risks. In turn, the development of the digital economy is one pillar of the National Development Strategy for the period until 2030, and aims to create a conducive environment for digitalizing financial services. However, the digital services infrastructure is concentrated in urban areas and less dense in rural and mountainous districts where people rely on informal or traditional channels.
7. The growing digitalization of payment systems in remittance-dependent countries like Tajikistan is driving a transition from cash-based to digital remittances, enhancing opportunities for financial inclusion by financing innovative cost-effective and replicable/scalable solutions and models that promote increased digital usage of remittances, particularly in rural areas, and related financial services. However, it is crucial to address the current disparities in digital access and financial literacy between urban and rural communities.

¹ Agency on Statistics under the President of the Republic of Tajikistan. 2024.

² International Organization for Migration. 2023. *Migration Situation Report in Tajikistan. Mobility Tracking Matrix (January-December 2023)*.

³ World Bank. 2024. *Tajikistan Economic Update*.

8. 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 and, 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.
9. As per the IFAD Private Sector Engagement Strategy 2019–2024, the Regular Grants Policy, IFAD's operating procedures for supplementary funds and the Delegation of Authority Framework, all funds granted to private sector entities must be approved by the Executive Board.
10. The recipient was identified through competitive selection. A [national call for proposals \(CfP\)](#) in Tajikistan was launched on 12 March 2024 and resulted in the submission of six proposals: four from local banks and two from international organizations. 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 recipient.
11. The project approach responds to the National Financial Inclusion Strategy of the Republic of Tajikistan for 2022–2026 approved by government resolution 314 of 1 July 2022 by contributing to diversifying financial products, digitalizing financial services and closing the gap in the use of financial products, while reaching underserved groups among remittance senders and recipients, as well as offering capacity-building to financial service providers to adapt financial services for remittance-receiving families. The project will seek synergies with current and upcoming IFAD projects in the country.

II. The proposed project

Tajik REMIT: Enhancing Rural Access and Use of Remittances will be implemented by FINCA Tajikistan, a microfinance institution.

12. The overall goal of the project is to enhance the financial resilience and economic empowerment of Tajik remittance-receiving families through cost-effective digital channelling of remittance flows and advanced financial inclusion. The specific objectives are: (i) to accelerate the digitalization of international remittances; and (ii) to leverage remittances to deepen financial inclusion.
13. The target group will be composed of approximately 85,800 people from 13,000 families receiving remittances in the rural areas of Tajikistan.
14. The project will be implemented over two years and will have the following components.
15. **Component 1. Expanded access to remittances in rural areas.** This component will focus on strengthening financial inclusion by enhancing FINCA Tajikistan's digital ecosystem to meet the needs of remittance recipients in underserved rural areas, ensuring greater access to remittances and essential financial services. It will prioritize the establishment and expansion of financial access points, including outlets, agents, merchants accepting QR payments and ATMs to improve last-mile financial access. The implementation of a WhatsApp chatbot will enable remittance recipients to apply for loans and open deposit accounts seamlessly. Additionally, the project will expand money transfer partnerships beyond the Russian Federation, targeting new remittance corridors

with Canada, the European Union, the Republic of Korea, Türkiye and the United States to enhance remittance inflows and diversify service options for rural customers.

16. **Component 2. Enhanced access to finance among remittance recipients.**

This component aims at expanding financial opportunities for remittance recipients by integrating tailored financial products into remittance services. It will focus on incentivizing recipients to open term deposit accounts, ensuring greater financial security and savings accumulation from remittances. A new emergency loan product will be developed to provide quick access to credit during unforeseen financial challenges. Additionally, the project will design and pilot a savings-linked loan product, enabling recipients to leverage their savings to access loans at preferential interest rates for investments in climate mitigation technologies and activities.

17. **Component 3. Improved product awareness and financial literacy.** Through this component, FINCA Tajikistan will: (i) deliver financial literacy training using conventional in-person channels; and (ii) build awareness about FINCA Tajikistan's financial services and remittance channels, and deliver educational materials through digital channels to both senders and recipients, targeting 1.5 million people.

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/outputs

19. The project is expected to have the following outcomes/outputs:

(i) **Expanded access to remittances in rural areas**

Indicators:

- 26,500 new card account owners – 75 per cent rural, 48 per cent women;
- 11,300 card account owners receiving remittances into FINCA Tajikistan's digital accounts in rural and urban areas – 75 per cent rural, 48 per cent women.

Outputs:

- Creation of an outlet network with 37 lead agents;
- Creation and expansion of an agent network of 120 agents;
- Five new ATMs (100 per cent rural);
- Increased number of merchants accepting a single QR code from 75 to 150;
- Implemented WhatsApp chatbot with 2,000 users;
- Increased remittance traffic in other two corridors to be selected among Canada, the European Union, the Republic of Korea, Türkiye and the United States.

(ii) **Enhanced access to finance among remittance recipients**

Indicators:

- 5,500 people using new financial products linked to remittances – 40 per cent women, 70 per cent rural people;

- 1,950 new remittance recipients with a savings account – 38 per cent women, 70 per cent rural people, 26 per cent CASP+⁴ beneficiaries (if enabled by CASP+);
- 3,100 recipients accessing a new emergency loan product – 40 per cent women, 73 per cent rural people;
- 500 climate adaptation loans – 30 per cent women, 63 per cent rural.

Outputs:

- Increase in average amount saved among the remittance recipients who opened reloadable term deposit accounts;
- Targeted incentives developed and implemented to support an increase in savings for remittance-receiving families;
- Emergency loan and climate adaptation loan products adapted to meet the needs of remittance-receiving families.

(iii) **Improved product awareness and financial literacy**

Indicators:

- 6,700 people trained in financial literacy – 40 per cent women, 70 per cent rural people, 16 per cent remittance recipients, 13 per cent CASP+ beneficiaries.

Output:

- 1.5 million migrants abroad and family members in Tajikistan reached with awareness campaigns through traditional media, of whom 45 per cent women.

IV. Implementation arrangements

20. FINCA Tajikistan, as the recipient, will receive and manage the grant funds, and will be responsible for overall project implementation. The recipient will conclude a grant agreement with IFAD, which will outline the clauses and provisions governing the management of the funds, the implementation of the project and the recipient's performance. The project will be coordinated by the Strategic Department of FINCA Tajikistan, with a dedicated project officer overseeing its implementation. The project will be managed by the Head of Strategic Projects and supervised and overseen by members of the management board.
21. The disbursement structure will deviate from the standard procedures for disbursement as operational milestones were included linking advance disbursements to certain completed activities in order to keep the project on track towards achieving 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's 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's 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

⁴ The Community-based Agricultural Support Project Plus (CASP+) is an IFAD-funded project that started in 2023 and is scheduled for completion in 2030. CASP+ addresses the critical barriers to rural development, with a focus on limited access to financial resources, low agricultural productivity and the challenges posed by climate variability. CASP+ combines capacity-building, private sector collaboration and institutional strengthening to create lasting impact.

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 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 722,273 including an IFAD grant contribution of EUR 293,000 (41 per cent) and a counterpart contribution of EUR 429,273 (59 per cent) provided by the recipient, 98 per cent in cash. The counterpart contribution from FINCA Tajikistan will be dedicated to component 1, particularly to the expansion of services in rural areas, and purchase and installation of ATMs and in-kind administrative expenses. The IFAD grant contribution will finance: (i) technical assistance, equipment and training that will enable enhanced access to remittances and banking services in rural areas in component 1; (ii) the development and enhancement of financial products linked to remittances in component 2; (iii) the financial literacy and marketing campaigns in component 3; and (iv) the implementation unit costs, and technical support to CASP+.

Table 1

Costs by component and financier

(Thousands of euros)

<i>Components</i>	<i>IFAD</i>	<i>FINCA Tajikistan</i>	<i>Total</i>
1. Expanded access to remittances in rural areas	162	420	582
2. Enhanced access to finance among remittance recipients	21	0	21
3. Improved product awareness and financial literacy	50	0	50
4. Project management and monitoring	60	9	69
Total	293	429	722

Table 2

Costs by expenditure category and financier

(Thousands of euros)

<i>Expenditure category</i>	<i>IFAD</i>	<i>FINCA Tajikistan</i>	<i>Total</i>
1. Salaries and allowances	50	239	288
2. Consultancies	30	0	30
3. Goods, services and inputs	80	168	249
4. Travel	0	22	22
5. Training	30	0	30
6. Equipment and materials	103	0	103
Total	293	429	722

VI. Recommendation

23. I recommend that the Executive Board approve the proposed European Union-funded grant to FINCA Tajikistan in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Tajik REMIT: Enhancing Rural Access and Use of Remittances, shall provide a grant of two hundred and ninety-three thousand euros (EUR 293,000) to FINCA Tajikistan upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Alvaro Lario
President

Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To enhance the financial resilience and economic empowerment of Tajik remittance families through cost-effective digital channelling of remittance flows and financial inclusion innovations		Number of unique clients who received money transfers (card-based) and subsequently used FINCA's rails; this is measured by the customer registration	
Objectives	<ul style="list-style-type: none"> Accelerate digitization of international remittances Leverage remittances to deepen financial inclusion 	85,800 people from 13,000 cardholder households who are remittance recipients in Tajikistan use a card-based method to mobilize remittances, 75% from in rural areas and 48% women	Project monitoring system Finca Tajikistan MIS Yearly IFAD project report Regular monitoring meetings	No significant events change the migration patterns in the country and the region Regulations enable FINCA to introduce new products and services, and the agent network FINCA can engage with the payment service providers in new markets, within de-risking regulations
Outcomes/ outputs	Outcome 1 Expanded access to remittances in rural areas Outputs <ul style="list-style-type: none"> Creation of an outlet network with 37 super-agents Creation and expansion of an agent network of 120 agents (100 in rural areas and 20 in urban areas) 5 new ATMs (100% rural) Increased the number of merchants accepting single QR code from 75 to 150 Implemented WhatsApp chatbot with 2,000 users Increased remittance traffic in other two corridors Outcome 2 Enhanced access to finance among remittance recipients Outputs <ul style="list-style-type: none"> Increase of average amount saved among the remittance recipients who opened reloadable term deposit account 	<ul style="list-style-type: none"> 26,500 new card account owners (75% rural, 48% women) 11,300 card account owners receiving remittances into FINCA Tajikistan's digital accounts (75% rural, 48% women) 5,500 people using new financial products linked to remittances (40% women, 70% rural) 1,950 new remittance recipients with a savings account (38% women, 70% rural, 26% CASP+ beneficiaries (if enabled by CASP+)) 3,100 recipients access a new emergency loan product (40% women, 73% rural) 500 climate adaptation loans (30% women, 63% rural) 6,700 new people trained in financial literacy (40% women, 70% rural, and 16% remittance recipients, 13% CASP+ beneficiaries) 	Project monitoring system FINCA Tajikistan MIS Yearly IFAD project report Regular monitoring meetings and reports FINCA Tajikistan reports measuring the amounts saved and amounts of loans by project beneficiaries Contracts/written agreements with agents, super agents and merchants Chatbot use statistics	Current internal conversion rates for remittances and financial products offered by FINCA Tajikistan apply to remittance customer segment FINCA Tajikistan has the capacity to collect social indicators specifically for rural clients and women Willingness and capacity of new merchants, agents and super-agents to be part of the network of FINCA Tajikistan Willingness of remittance recipient families to acquire new FINCA Tajikistan financial products

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> Targeted incentives developed and implemented to support an increase in savings for remittance families Emergency Loan and Climate Adaptation Loan products adapted to meet the needs of remittance families <p>Outcome 3 Improved product awareness and financial literacy Output 1.5 million migrants abroad and family members in Tajikistan reached with awareness campaigns through traditional media (45% women)</p>			
Key activities by component	<p>Component 1</p> <p>1.1 Creation and expansion of an agent and network (super-agents) in rural areas</p> <p>1.2 Increased number of ATMs and merchants in rural areas</p> <p>1.3 Implement a What's up chatbot</p> <p>1.4 Increased remittance traffic in other corridors</p> <p>Component 2</p> <p>2.1 Development of incentive schemes</p> <p>2.2 Developing a new emergency loan-product leveraging remittances</p> <p>2.3 Climate adaptation product needs assessment</p> <p>Component 3</p> <p>1.1 Financial literacy trainings from Branch Managers</p> <p>1.2 Digital marketing to remittance customers at sending and receiving sides</p> <p>1.3 Campaigns on remittances (for FINCA Women Club platform and remittance recipients)</p> <p>1.4 Conventional marketing in rural areas</p>	<p>By Year 2</p> <ul style="list-style-type: none"> Outlet network with 37 super-agents Agent network of 120 agents (100 in rural areas and 20 in urban areas) 5 new ATMs (100% rural) Increased the number of merchants accepting single QR code from 75 to 150 Implemented WhatsApp chatbot with 2,000 users Two new corridors opened for remittance transfers into FINCA cards 1,950 new remittance recipients with a savings account: 500 from the IFAD-funded CASP+ programme 3,100 recipients access a new emergency loan product 500 climate adaptation loans for remittance recipients 6,700 new people trained in financial literacy 465,000 migrants and one million families in Tajikistan aware of FINCA projects 	<p>Contracts/agreements with agents, super-agents and merchants</p> <p>Operational chatbot in WhatsApp and statistics report on usage</p> <p>Training materials, list of participants, customer satisfaction surveys</p>	

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.

FINCA Tajikistan has a robust internal control system and adheres to international accounting standards, including the use of SAP for managing financial data, and compliance with the International Financial Reporting Standards (IFRS).

This Grant will use the IFAD EU 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 be as follows.

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% of the expenditures included in the relevant approved workplan and budget for Year 2. 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. In addition to 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) will be equal to the difference between the total amount spent by the Recipient in this project minus the amount already disbursed by IFAD. This final payment shall be disbursed in IFAD's discretion following receipt 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 <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 immediately 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 of the above instalments shall be channeled 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 request additional information and supporting documentation.

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

Through its Board of Directors and senior management, FINCA Tajikistan 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. FINCA Tajikistan 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 will 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 (USD 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, FINCA Tajikistan, 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 12 March 2024, PMI's Financing Facility for Remittances (FFR) launched 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.*"

Published guidelines can be found in this link:  CfP_Tajikistan_Eng.pdf

The CfP24 had three stages:

PHASE 1. Initial Bilateral Meeting (18 March – 19 April 2024)

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 Tajikistan, six proposals were received from four local banks and two international organizations. 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:

1. FINCA Tajikistan
2. Spitamen Bank
3. Arvand Bank
4. ACTED Tajikistan
5. FAO Tajikistan

6. International Organization of Migration (IOM) Tajikistan – for a regional proposal

Except for ACTED Tajikistan, which did not meet the minimum co-financing criteria, the other five 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 three proposals: FINCA Tajikistan, Arvand Bank and FAO Tajikistan. FINCA Tajikistan 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 FINCA Tajikistan was based on the following three key factors.

Financial inclusion and rural outreach. FINCA Tajikistan was selected as it plays a pivotal role in advancing financial inclusion for rural populations and women in Tajikistan, while maintaining strong customer satisfaction and repayment rates. It also shows a strong commitment to enhance digitalization and financial inclusion among remittance families. In terms of outreach, 72 per cent of FINCA's clients are from rural areas, highlighting the institution's commitment to providing financial services to underserved communities. This rural focus is further confirmed by the share of the agriculture loan portfolio, (direct agriculture loans), which represents 48 per cent of the total outstanding portfolio. This agriculture loan portfolio consists of planting/crop production and livestock/animal husbandry: 37 per cent of loans are related to planting and 11 per cent are for livestock. The average loan disbursed for agriculture is US\$1.3 thousand. Additionally, women represent 42 per cent of borrowers and 47 per cent of savers, demonstrating a commitment to enable access to financial products and services for the female population.

Gender-focused services caring for rural women. FINCA Tajikistan also engages with its clients through additional initiatives like the FINCA Women's Club, a networking endeavor that connects women entrepreneurs and provides business trainings and financial literacy, boasting 3,904 members. These programmes emphasize the institution's efforts to build the community and provide financial education beyond standard banking services.

Enabling digital remittances and leveraging financial services. FINCA Tajikistan's expansion into diverse financial products, including remittances and savings, further underscores FINCA's commitment to addressing the evolving needs of its customer base. FINCA's market share in the remittance business in Tajikistan is currently very small but growing exponentially thanks to its digital rail. In 2021, FINCA developed its own platform to integrate with key RSPs to support real-time card-to-card money transfers. This enabled FINCA's sharp increase in mobilizing card-based vs. cash-based remittances for 23,000 active cardholders in four years.

Overall, FINCA Tajikistan plays a pivotal role in advancing financial inclusion for rural populations and women in Tajikistan, while maintaining strong customer satisfaction and repayment rates. Its expansion into diverse financial products, including remittances,

savings and climate adaptation loans, further underscores its commitment to addressing the evolving needs, particularly of the most vulnerable.