

	1	THE REPUBLIC OF TAJIKISTAN
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	3	ISLAMIC DEVELOPMENT BANK
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5		IMPROVEMENT OF WATER RESOURCES MANAGEMENT PROJECT IN KHATLON REGION
	6	(TJK-1013)
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8		COMPONENT B. ACCESS TO ISLAMIC FINANCING
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	10	TERMS OF REFERENCE
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12		FOR THE COMPANY TO CAPACITY BUILDING IN ISLAMIC FINANCE

1. Project Overview

The Islamic Development Bank (IsDB) represented as the administrator of Islamic Solidarity Fund for Development (ISFD) allocated funding for the Project "Improving Water Resources Management" in Khatlon region.

The project aims to support the efforts of the Government of Tajikistan to improve the living conditions of the rural population by improving water resources management with ensuring resilience to the impacts of climate change, which is in line with the National Program for Reforming the Water Sector. The project is a joint effort of the Arab Coordination Group (ACG), represented by the Islamic Development Bank, the Saudi Development Fund (SDF) and the OPEC Fund for International Development (OFID), to provide development support to the Government of Tajikistan in the implementation of priority programs.

2. Scope and objective of the project

Project development objective is to improve the livelihood of the rural population, through improvement of water resources management with resilience to climate change impacts. This will lead to increase in agriculture production, food security, increase in farm incomes and alleviating the poverty.

The key project results (i) improved access to irrigation infrastructure for 1,500 smallholders/farmers; (ii) improve access to water supply for 60,000 rural people; (iii) providing access to Islamic finance to for the development of agriculture value chain (primarily production and processing) and support in rural development. The project is expected to create at least 2,000 new permanent jobs and seasonal job opportunity for about 15,000 rural people.

3. Objective of the Consultancy Assistance

The objective of the appointment of a Consultant (consulting company) is to enable the Government of the Republic Tajikistan to build its capacity in the Islamic Finance area, particularly to access into Islamic Finance space. The envisioned space comprising of (i) extending shariah compliant line of finance (including micro-finance) to farmers and rural people to support them in agriculture value chain financing (primarily in production and processing) and support in rural development, (ii) consultancy service support in capacity building in Islamic microfinance, and (iii) supporting Advocacy and Monitoring and Evaluation Units to promote Islamic microfinance.

The project will recruit local training consultant to carry out workshops and preparation of communication campaign on the practical use of Islamic microfinance with the close assistance and facilitation of the PIU MoF, National Bank of Tajikistan (NBT) and PFIs.

The capacity building in Islamic Finance activities should be implemented under the leadership of the appointed Consultant. The Consultant will be responsible for development of a methodology and forms of introduction and use of modes of Islamic microfinance for the PIU MoF, as well as Credit-line Operational Manual within the framework of realization of the Component B of the “Improvement of Water Resources Management in Khatlon Region Project. Therefore, the Consultant shall perform the following tasks:

- A) Development of Credit-line Operational Manual and a detailed framework for implementation and supervision of Islamic finance products. This task will include a broad study about the assessment of the current legislation and practicality of adopting Islamic finance in the country.
- B) Assisting the PIU MoF in delivering the following tasks:
 - i. Reviewing and selecting a reputable training institution and a training course for providing a minimum understanding about Islamic finance.
 - ii. Developing legal contracts for and arranging staff training on implementation and supervision of Islamic microfinance products.
 - iii. Developing new Islamic microfinance products and modalities under current legislation of the Republic of Tajikistan. The products should also be subjected to the AAOIFI’s (Accounting and Auditing Organization of Islamic Financial Institutions) Shariah and accounting standards, along with legal contracts and the standard operating procedures (SOPs).
 - iv. Improving the governance and internal controls.
 - v. Designing a system for monitoring benefits received by the targeted beneficiaries during the life of the project.
 - vi. Assessing/evaluating the post-implementation impact on the beneficiaries.

IsDB has developed three toolkits to help microfinance institutions to enhance their performance by implementing Economic Empowerment best practices. They include: a) Economic Empowerment Design Toolkit; b) Monitoring & Evaluation Toolkit; and c) Islamic Financial Product Implementation Toolkit. The consultant will refer to the Economic Empowerment Toolkits as and adapt the tools and resources found in the toolkit to the language and GoRT, Executing Agency and Partner Financial Institutions. The article about the toolkits as well as the links to download each of the three toolkits can be found in the link below.

<https://www.isdb.org/news/economic-empowerment-toolkits-launched-going-beyond-shariah-compliance-to-create-impact>

In delivering the above tasks, the Consultant should provide services in 4 phases:

- 1) Elaboration of detailed work plan.
- 2) Realization of the work plan.
- 3) Capacity building of key Stakeholders and providing draft documents for clearance from the relevant agency of GoRT.
- 4) Monitoring of introduction of elaborated business models.

4. Schedules of implementation

The implementation period is 3 months, starting as soon as possible after the consulting contract has been signed between the PIU MoF and the appointed Consultant. Funding of the appointment is secured through the Technical Assistance provided by the IsDB.

5. Expected outputs

At the end of the implementation period the Consultant shall provide PIU MoF with the following results:

- i. Successful introduction of Islamic microfinance products and modalities to the PIU MoF's operating, that do not come in conflict with the existing legislation of the Republic of Tajikistan as well as comply with the relevant international standards and regulations.
- ii. Developed thorough detailed methodology on implementation and supervision of the newly introduced Islamic microfinance products and services.
- iii. Legal contracts and SOPs designed specifically for the introduced Islamic microfinance products and services.
- iv. Dissemination and training conducted based on the three Economic Empowerment Toolkits¹.
- v. New professional knowledge and skills imparted to the PIU MoF's staff on effective management and quality provision of Islamic microfinance products and services to the target audience (economically active rural population).
- vi. Improved systems of governance and internal control.
- vii. Monitoring and evaluation vehicles designed to measure the effects of the project's implementation on the beneficiaries.

6. Method of remuneration for the services

Assessment of the Consultant's work will be done on the basis of the following:

- duration of work;
- observance of the budget for consultancy;
- quality of Islamic microcredit products and business models (convenience and easiness of introduction, compliance to Shariah and PIU MoF's laws, etc.)

Remuneration method – monthly remuneration of consultancy services and reimbursement of the following expenses:

- travel to the capital city (Dushanbe) of Tajikistan and to home-country;
- accommodation in Dushanbe (Tajikistan);
- per diem;
- contingencies.

7. Responsibilities of the PIU MoF's

The PIU MoF is responsible for:

- invitation for entrance visa (if applicable);

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<https://www.isdb.org/news/economic-empowerment-toolkits-launched-going-beyond-shariah-compliance-to-create-impact>

- organizing work to ensure its effectiveness;
- booking accommodation;
- providing interpreter (if applicable);
- providing access to telephone, internet and other facilities that are necessary for carrying out tasks;
- timely payment for services and reimbursement of expenses (against documents proving them).

8. Responsibilities of the Consultant

The Consultant is responsible for:

- observing the timeframe of consultancy services;
- ensuring the high quality of the services;
- observing the budget for the assignment;
- timely informing the PIU MoF in cases when there are significant changes in work schedule and budget.

The Consultant shall perform services and carry out their obligations with all due diligence, efficiency, and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate advanced technology and safe methods. The Consultant shall always act, in respect of any matter relating to the services, as faithful advisers to the PIU MoF, and shall at all times support and safeguard the PIU MoF's legitimate interests in any dealings with Subconsultants or third parties.

10. Information on the PIU MoF's counterpart staff to be associated with the service and the facilities to be provided to the Consultant

The Recipient of the consultancy service is the PIU MoF. PIU MoF may have its discretion to appoint a PIU MoF as the focal point later. The Director of the PIU MoF will coordinate the work of the Consultant. Contact details are as follows:

- Project Coordinator – Mr. Ikhom Makhmadiev
e-mail: i.makhmadiev@greenfinance.tj
tel: +992 372 21 02 39
mobile: +992556551964
- Chief Accountant – Mr. Bakhtier Gafforov
e-mail: b.gafforov@greenfinance.tj
tel: +992372276787
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- Procurement Specialist – Mr. Parviz Negmatov
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mobile: +992918515300

The PIU MoF will provide the Consultant with all project-related relevant documents and information available. Also, Consultant will be provided with a room for work, access to internet, telephone.

11. Description of main terms and conditions of the appointment

The PIU MoF during selection of Consultant (company/firm) will apply Quality and Cost Based Selection (QCBS) method. The PIU MoF will follow procedures described in Section 3. Selection methods for consulting of the Guidance for the Use of Consultants under IsDB Financing, dated May 2009.

12. Requirements set for the staff

The Consultant will carry out the assignment in pair with an “advisory team” in the field supported by its office staff as appropriate. The project team shall be composed of:

- i. Team Leader – Advocacy Specialist; (90-man days)*
 - bachelor’s or higher degree in finance, economics, accountancy and management from an accredited university;
 - at least 10 or more years of professional experience and 5 or more years of international experience in finance and financial management, and a thorough understanding and experience with international “best practices”;
 - experience in designing and overseeing training linked to microfinance and financial literacy;
 - international project management experience in performing similar assignments for projects financed by international donor organizations will be an advantage;
 - shall be fluent in spoken and written English and skilled in report writing, as well as in computer skills (MS Office etc.).

- ii. Training Specialist; (90-man days)*
 - The (individual) consultants to be made available under the assignment shall have training experience;
 - experience in the commercial bank and/or microfinance institutions consulting and training business at least 5 years;
 - Prior experience in similar assignments;
 - (Individual) consultants to be made available under the assignment are expected to hold a university degree in the areas of banking/finance, business administration or other relevant education;
 - The (individual) consultants will have skills in lending, appraisal of loan proposals, financial analysis, experience in agriculture financing.

- iii. Product Development Specialist; (90-man days)*
 - bachelor’s or higher degree in finance, economics, accountancy and management from an accredited university;
 - at least 5 or more years of professional experience in investment sphere and financial services;
 - Experience in projects funded by international organizations or donor countries;
 - Experience in Islamic banking and financing principles from AAOIFI or IFSB, certification will be an advantage
 - good knowledge of local regulations and conditions and experience in interacting with various levels of authorities and communities will be an advantage.

Generally, all Consultants are expected to demonstrate profound professional knowledge and longtime experience in assisting financial institutions in development of financial products and implementation (development of procedures and loan monitoring, assistance of management and training of staff) of MSEs financing. Moreover, Consultants are expected to have thorough knowledge on how the banking

sector operates in the PIU MoF, as well as possess work experience in Islamic banking, Islamic Microfinance, Shariah consultancy and development of Islamic and conventional financial products along with contracts.

The Team Leader will coordinate and control the whole Consultancy Assignment. The Team Leader is expected to possess professional practical experience of at least ten years in managing different financial sector projects and financial program design, ideally in Tajikistan itself and/or Central Asia² or the region³.

In consultation with the PIU MoF, the Consultant shall have flexibility to adapt timing, sequencing, and the short-term experts' field/home office time allocations to ensure optimal delivery of Consultancy Assistance and the maximum achievement of the defined Program Objectives.

13. Reporting and other matters

The Consultant is expected to prepare and deliver to PIU MoF an *inception report within 2 weeks* after commencement of its services and thereafter monthly progress reports describing the progress of the program implementation and the measures/tasks executed in the reporting period.

Two weeks before the end of the Consultancy Assignment the Consultant shall prepare and deliver a final draft report covering the activities undertaken and assessment of the Assignment in terms of meeting its objectives, as well as conclusions and recommendations for future steps to be taken to keep the changes introduced within the PIU MoF. The PIU MoF's comments must be submitted not later than one week after receipt of the draft final report. The final report must be delivered not later than one week after the end of the assignment and will consider the PIU MoF's comments.

In addition, the Consultant shall report on all circumstances that might jeopardize the achievement of the overall objective and the Program results at any such time and make proposals how to improve the situation.

All reports shall be submitted in English and Russian languages in printed as well as in electronic forms. The reports should be limited to 30 pages (plus annexes). The final report may not exceed 50 pages (plus annexes). Generally, the reports will summarize all information and explanations, so that the PIU MoF will be in a position to understand the drawn conclusions.

№	Deliverables and its descriptions	Deadline for submitting reports
1	Submission of the Inception report	Within two weeks after signing of the Contract
2	Submission of the Monthly progress report including: - <i>Developed thorough detailed methodology on implementation and supervision of the newly introduced Islamic microfinance products and services.</i>	Within one month after signing of the Contract
3	Submission of the Monthly progress report including:	Within two months after signing of the Contract

² In this context Central Asia covers Uzbekistan, Kyrgyzstan, Tajikistan and Kazakhstan.

³ In this context region means Georgia, Armenia, Azerbaijan and Russia.

	<ul style="list-style-type: none"> - <i>Successful introduction of Islamic microfinance products and modalities to the PIU MoF's operating, that do not come in conflict with the existing legislation of the Republic of Tajikistan as well as comply with the relevant international standards and regulations;</i> - <i>Legal contracts and SOPs designed specifically for the introduced Islamic microfinance products and services;</i> - <i>Dissemination and training conducted based on the three Economic Empowerment Toolkits.</i> 	
4	<p>Submission of the Monthly progress report including:</p> <ul style="list-style-type: none"> - <i>New professional knowledge and skills imparted to the PIU MoF's staff on effective management and quality provision of Islamic microfinance products and services to the target audience (economically active rural population);</i> - <i>Improved systems of governance and internal control;</i> - <i>Monitoring and evaluation vehicles designed to measure the effects of the project's implementation on the beneficiaries.</i> 	<p>Within three months after signing of the Contract</p>
5	<p>Submission of the Final report <i>covering the activities undertaken and assessment of the Assignment in terms of meeting its objectives, as well as conclusions and recommendations for future steps to be taken to keep the changes introduced within the PIU MoF</i></p>	<p>Within two weeks before the end of the Consultancy Assignment</p>