REPUBLIC OF TAJIKISTAN

RURAL ECONOMY DEVELOPMENT PROJECT

SOCIAL INCLUSION PLAN (SIP)

April 23, 2019
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# List of Abbreviations & Acronyms

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<th>Description</th>
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<tbody>
<tr>
<td>DRS</td>
<td>Districts of Republican Subordination</td>
</tr>
<tr>
<td>E&amp;S</td>
<td>Environmental and Social</td>
</tr>
<tr>
<td>ESF</td>
<td>Environmental and Social Framework</td>
</tr>
<tr>
<td>ESRS</td>
<td>Environmental and Social Review Summary</td>
</tr>
<tr>
<td>ESS</td>
<td>Environmental and Social Standard</td>
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<tr>
<td>FCV</td>
<td>Fragility, conflict, and violence</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GBAO</td>
<td>Gorno-Badakhshan Autonomous Oblast</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GM</td>
<td>Grant Manager</td>
</tr>
<tr>
<td>GOT</td>
<td>Government of Tajikistan</td>
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<tr>
<td>IDA</td>
<td>International Development Association / World Bank</td>
</tr>
<tr>
<td>LGS</td>
<td>Local self-government (jamoat)</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System</td>
</tr>
<tr>
<td>MoF</td>
<td>Ministry of Finance of Tajikistan</td>
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<tr>
<td>MSMEs</td>
<td>Micro, small, and medium enterprises</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>PIU</td>
<td>Project Implementation Unit under the MoF</td>
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<tr>
<td>PDO</td>
<td>Project Development Objective</td>
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<tr>
<td>PIG Tourism</td>
<td>Project Implementation Group under the Tourism Committee</td>
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<td>POM</td>
<td>Project Operation Manual</td>
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<tr>
<td>REDP</td>
<td>Rural Energy Development Project</td>
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<tr>
<td>RMR</td>
<td>Risk Mitigation Regime</td>
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<tr>
<td>RSP</td>
<td>Resilience Strengthening Program</td>
</tr>
<tr>
<td>SEP</td>
<td>Stakeholder Engagement Plan</td>
</tr>
<tr>
<td>SIP</td>
<td>Social Inclusion Plan</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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</table>
1. Introduction

1.1. Project Background

The Risk Mitigation Regime (RMR) was established under IDA-18 as part of the scale-up of financing to countries impacted by fragility, conflict, and violence (FCV). The RMR pilots the use of development interventions as a prevention tool—providing additional financing to target FCV risks and reinforce sources of resilience. Eligibility for risk mitigation support in IDA-18 was defined along the following criteria: (1) evidence of significant FCV risks; (2) evidence of government commitment to address the identified risks; (3) stable macroeconomic framework; and (4) availability of financial resources. Four countries—Guinea, Nepal, Niger, and Tajikistan—were identified as eligible pilot countries to receive the supplemental allocation under IDA-18. Most cross-national indicators of fragility and conflict place Tajikistan in a category of elevated risk.¹

The Risk and Resilience Assessment (RRA)² diagnosis for Tajikistan clusters risks into four broad categories: (i) cross-cutting political and governance challenges; (ii) socio-economic exclusion of youth and women; (iv) regional and cross-border challenges; and (iv) economic risks including high dependence on remittances from economic migrants’ high unemployment and the predominance of low-quality jobs in the informal sector in four regions in Tajikistan, including Khatlon, Sughd, Gorno-Badakhshan Autonomous Oblast (GBAO), and Districts of Republican Subordination (DRS). FCV risks encountered in Tajikistan are complex and interrelated, and thus require tailored, multisectoral responses. For Tajikistan, RMR resources have been allocated to a spatial Resilience Strengthening Program (RSP) in select, most-at-risk geographic areas, notably the GBAO and Khatlon regions to target challenges and reinforce sources of resilience for the most-at-risk social groups, notably women and youth, from different angles. One such intervention is the Rural Economy Development Project (REDP), currently being prepared by the World Bank and Government of Tajikistan. This project is designed such as contribute to the Risk Mitigation Regime’s (RMR) higher-level objectives of strengthening resilience, defined as a person’s, community’s and/or country’s capacity to adjust or respond to, and recover from, difficulties, adverse impacts, and/or exogenous shocks, reducing perceptions of exclusion, and preventing fragility risks.

The project is addressing the risks as a part of the social and environmental management by adopting the Bank’s Environmental and Social Standards (ESS) approach. The Environmental and Social Review Summary (ESRS) has classified environmental and social risks of the project as moderate and substantial respectively. As a response, Government of Tajikistan/Ministry of Finance of Tajikistan (MoF), the implementing agency, has developed several key instruments to address the same. One of them is the Social Inclusion Plan (SIP). Before bestowing on the SIP, a brief about the project-development objective and the components- is presented to serve as a backdrop.

¹ Tajikistan is one of 56 countries that the OECD classifies as “fragile” or “extremely fragile” in its States of Fragility 2018 Report. According to the 2018 report, “Tajikistan worsened in all five dimensions. However, deterioration was particularly apparent in the security, environmental and societal dimensions. The decline in the security dimension was the most obvious, with risks associated with terrorism and violent conflicts having increased.”

1.2 Project Description

The development objective is to improve the sources of livelihood for local populations in GBAO and Khatlon through tourism and agribusiness, and to promote and preserve the local culture.

The Project areas include all districts of Khatlon region (25) and GBAO region (7).

The project has four components. Three components finance activities to support agribusiness, community-based tourism, and related services, and one component finances project implementation. Component 1 funds public investment in infrastructure at cultural sites and grants to communities to improve small local agribusiness and tourism infrastructure. Component 2 funds matching grants to farmers and MSMEs in tourism, agribusiness, and related sectors. Component 3 funds technical assistance to public agencies, service providers, and operators in tourism, agriculture, and related sectors. Component 4 funds the Project Implementation Unit and a grant management company that will design and implement all grants and matching grants funded by the project. For more detailed information about the project components, please refer to Annex 1.

1.3 Purpose of the Social Inclusion Plan

The main goal of the Social Inclusion Plan is provide guidance to, and enable the, national, regional and local actors to address the barriers (if any) and ensure that all the diverse individuals and groups access, specially the poor and vulnerable subgroups participate in, and derive benefits, from the project. To this end, project deploys a conceptual framework for identifying potential areas for ‘exclusion’.

The project adopts a competition-base approach wherein, during the implementation a region-wide public awareness campaigns are in place to keep informed a wide range of stakeholders and potential entities and individuals about the subgrants aimed to improve the sources of livelihood for local populations in GBAO and Khatlon through tourism and agribusiness. The grant program under the project will provide preferential access to vulnerable groups. The project will give preference to applications coming from vulnerable groups. In addition, the size of grants will be kept intentionally small to match the absorption capacity of these beneficiaries, and the evaluation criteria will provide preferential access to those groups. Moreover, skills-building components will directly target vulnerable groups by giving preference to these groups during the selection process.

1.4 Scope and Structure of the SIP

The present Social Inclusion Plan document consists of five chapters, which provide guidelines for the implementing staff to remove institutional barriers and to increase access of diverse individuals and groups to project activities.

Chapter One includes the Project Objectives and Brief Description of the project components. It also outlines the major project activities planned approaches developed in consultation with all relevant stakeholders, including potential beneficiaries.
Chapter Two underlines the rational of Environmental and Social Standard 1 on Assessment and Management of Environmental and Social Risks and Impacts. It sets out the Client's environmental and social commitment and responsibilities on potential social exclusion risk to be prevented and mitigated at each stage of a project supported by the Bank.

Chapter Three describes Conceptual Framework for the social inclusion and provides social exclusion filters to be used by the project staff to prevent social exclusion within the project activities.

Chapter Four narrates the Inclusion Activities incorporated into the project design at the national, regional, district, jamoat and villages, and at the individual community levels.

Chapter Five underlines the SIP Implementation Arrangements. It describes the institutional arrangements and the roles of different implementing partners in implementing inclusive processes and activities.
2. Regulatory Framework for Social Inclusion Plan

The newly adopted Environmental and Social Standards (October, 2018) set out the requirements for Borrowers relating to the identification and assessment of environmental and social risks and impacts associated with projects supported by the Bank through Investment Project Financing. There are Ten ESSs that the Borrower has to establish and meet them through the project life cycle. ESS1 focuses on Assessment and Management of Environmental and Social Risks and Impacts.

The project recognizes the significance of, and adopts the World Bank’s Environmental and Social Standards, for identifying and assessing as well as managing the environmental and social (E&S) risks and impacts associated with this investment project. In response, Social Assessment has been completed during project preparation. The findings show that the Social Risk Rating is Substantial due to the inherent fragile and conflict situation which could impact on the project’s efforts at reaching and working, especially, with poor and vulnerable groups. This is compounded by weak integration of youth (and women) and their participation in the institutions and limited prospects for employment. Further, as the project interventions are likely to be based on competitive grants, it could be extremely difficult for the poor farmers in the interior rural areas as well as in the remote Afghanistan border areas to participate and derive the benefits. Though mitigatory measures to address this are being developed, efficacy of these can become known only over time. So, the risk of exclusion remains a great challenge in the initial stages of implementation. In recognition of its significance, Government of Tajikistan has developed a Social Inclusion Plan to prevent and mitigate social exclusion risk. Efficacy of these measures depend to a large extent on the institutional and implementation arrangements, notably, performance of business development service providers/enablers meant to provide social intermediation services.
3. Conceptual Framework

The framework is premised on continuing the traditional focus on poverty, as a deprivation factor, as a key indicator of exclusion; however, social exclusion is more than just (income) poverty. Social exclusion incorporates the idea of an inability for individuals and groups, such as disabled people, ex-prisoners, long-term unemployed, etc., to participate in the economic, social and cultural life of the society in which they live, as a result of a range of factors which combine to effectively preclude participation. These factors include unemployment, income, educational attainment, housing, financial exclusion and a lack of financial assets, health and mobility, as well as many others. Key issues include the way in which such factors interact, the consequences of that interaction on individuals and groups, as well as inter-generationally, and how social exclusion can be avoided or the barriers to social inclusion overcome. Indeed, owing to the importance of the interaction of factors leading to social exclusion, exclusion needs to be seen as „more a process than a state“, a process which can, by its very nature, is difficult to reverse.

Social Inclusion is defined as:

1. The process of improving the terms for individuals and groups to take part in the project, in general, and in particular;

2. The process of improving the ability, opportunity, and dignity of those disadvantaged viz poor and vulnerable to participate in, and derive benefits from the project.

Social Inclusion/ Exclusion. Antonym of inclusion is exclusion. Designing for Inclusion necessarily warrants understanding factors contributing to Exclusion. The Project approaches social exclusion by reference to social capital as it describes the bond between an individual/group of individuals with the society which in turn gets reflected in:

- differences in performance between societies or between groups within a society; and
- differences in the degree of trust and willingness to live by agreed rules.

Social Exclusion also emphasizes multiple and reinforcing aspects of deprivation, process and relational issues, and the role of institutions. There are a number of aspects or variable that impact upon the inter-relationship among individuals, communities and society that have a bearing on exclusion/inclusion. Some of those aspects are presented below which forms the basis for developing an Inclusion Plan.

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### Table 1. Exclusion Filter

<table>
<thead>
<tr>
<th>SI No</th>
<th>Aspects</th>
<th>Exclusion / Inclusion Spheres</th>
<th>Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Economic</td>
<td>Level of economic development&lt;br&gt;Level of inequalities&lt;br&gt;Employment patterns and distribution&lt;br&gt;Living standards</td>
<td>Income/consumption&lt;br&gt;Assets (land, capital)&lt;br&gt;Level of poverty&lt;br&gt;Employment status and related time availability</td>
</tr>
<tr>
<td>2</td>
<td>Social</td>
<td>Social norms and networks&lt;br&gt;Societal fragmentation (ethnicity, gender, disabled people, etc.)&lt;br&gt;Traditional system of decision-making&lt;br&gt;Community organization and hierarchy</td>
<td>Position in society and social role&lt;br&gt;Personal rivalries&lt;br&gt;Ethnicity&lt;br&gt;Isolation “outcast”&lt;br&gt;Gender&lt;br&gt;Membership of CBOs or other networks</td>
</tr>
<tr>
<td>3</td>
<td>Physical</td>
<td>Physical infrastructures and accessibility&lt;br&gt;Transport system and cost&lt;br&gt;Electricity, telecommunications, IT</td>
<td>Geographical location&lt;br&gt;Time constraints&lt;br&gt;Access to services (cost and distance)</td>
</tr>
<tr>
<td>4</td>
<td>Psycho-social</td>
<td>Level of mutual trust&lt;br&gt;General psychological mood determined by national and global environments</td>
<td>Degree of self-esteem&lt;br&gt;Trust and self-confidence&lt;br&gt;Relative apathy</td>
</tr>
<tr>
<td>5</td>
<td>Social Capital</td>
<td>Presence and impact of external bodies (NGOs, expatriates, etc.)&lt;br&gt;Institutional and vulnerability context&lt;br&gt;Informational flow</td>
<td>Relationship with NGO staff&lt;br&gt;Past experiences with similar projects&lt;br&gt;Access to information</td>
</tr>
<tr>
<td>6</td>
<td>Human Capital</td>
<td>General HDI of the community&lt;br&gt;Skills and knowledge&lt;br&gt;Capacities and intellectual resources&lt;br&gt;Health services&lt;br&gt;Age distribution</td>
<td>Educational level, management and leadership skills&lt;br&gt;Type of skills available&lt;br&gt;Health status&lt;br&gt;Age</td>
</tr>
</tbody>
</table>

Keeping in cognizance the above filters, project has drawn an Inclusion Plan as below.

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4. Social Inclusion Activities

The project team recognizes that the REDP’s stakeholder profile is quite diverse and heterogeneous and that their expectations and orientation as well as capacity to interface with the project are different. The project design and institutional arrangements have been drawn such as to enable mitigate social exclusion risks and come up with types of activities and approaches to address the likely impediments.

4.1 National Level

The project aims to improve rural economy at the regional, community, and individual levels by targeting parts of the country facing a confluence of risk factors and vulnerabilities. At the national level the project will engage only with the relevant ministries and agencies. The GoT is establishing a steering committee at the national level to oversee the three projects comprising the Tajikistan RSP. The steering committee will help align the RSP with the central government policy framework toward agribusiness and community-based tourism development to enhance the sustainability of IDA and other donor investments at the local level. One of the ministries will serve as chair for a steering committee that will include, but not limited to the representatives of key line agencies, including:

- Ministry of Finance, mandated to serve as a financial guarantor for the project and the implementing agency;
- Ministry of Economic Development and Trade mandated with tasks pertaining to regional and district development and planning;
- Ministry of Energy and Water Resources, mandated to formulate policy and deliver sustainable institutional mechanisms to manage water infrastructure at the local level;
- State Unitary Enterprise “Khojagii Manziliyu Kommunalii”, which is responsible for delivery of communal and housing services in selected districts and at the national level;
- Tourism Development Committee, mandated to formulate tourism development policy;
- Ministry of Agriculture, responsible for agricultural policy development and implementation;
- State Investment Committee (responsible for subnational business environment and investment climate reforms in coordination with Provincial Investment Council Secretariats),
- Ministry of Education and Science; and
- Regional Governors of GBAO and Khatlon.

The steering committee will meet annually to review progress under the RMR program.

The steering committee will establish working groups to allow for more focused technical discussions on each individual RMR project as needed. For REDP, key working group members will include representatives from the Ministry of Finance, Tourism Development Committee, Ministry of Agriculture, Ministry of Culture, the State Investment Committee, and the regional governors of GBAO and Khatlon. The composition and leadership of the steering committee is subject to confirmation by government counterparts.

4.2 Regional Level – Selection of Regions

Tajikistan comprises four regions: Khatlon, Sughd, Gorno-Badakhshan Autonomous Oblast (GBAO), and Districts of Republican Subordination (DRS). The project targets Khatlon and
GBAO regions of Tajikistan, which have the highest levels of absolute and relative poverty measures, respectively, and which face fragility risks due to the proximity to unstable parts of Afghanistan, large youth populations, disparities in service delivery outcomes, and legacies of violent conflicts. These two regions are especially exposed to the following fragility risks including a shared 1,400 km border with Afghanistan:

- **Legacy of the civil war and ongoing clashes**: GBAO is the poorest, most sparsely populated (a population of 217,400), and most geographically remote province that suffered significantly during the civil war. In recent times, GBAO has witnessed the reoccurrence of clashes between local non-state actors and the central government over influence in the region.\(^8\) Southern Khatlon also experienced heavy fighting during the Tajik civil war (1992-1997);

- **Service delivery and human development gaps**: With almost 3 million people, Khatlon Province is the most populous of the four administrative provinces of Tajikistan and contains over one-third of the country’s total population. Khatlon and GBAO, as well as the DRS, have the poorest levels access to basic services, such as a toilet inside the house, piped water, and sewage, with at least three-fourths of their populations being deprived along these indicators.\(^9\) The second and third highest prevalence of stunting is observed in Khatlon (22.6 percent) and GBAO (22.4 percent), while the lowest is observed in Dushanbe (10.5 percent);

- **Economic development and connectivity gaps**: Compared to Tajikistan as a whole, GBAO has very low levels of connectivity in terms of road density and market accessibility. Agriculture in GBAO is limited in by the terrain and the altitude. More than half of the land of each of GBAO’s districts – except Darvoz – is barren and not vegetated. Within Khatlon, while a few districts have high levels of connectivity (e.g. Khuroson, Bokhter and Kulob), most have low levels. In a few of Khatlon’s districts, more than 50 percent of the land cover is considered cropland\(^10\) and agriculture contributes to about 80 percent of the region’s GDP;

- **Natural hazards and climate shocks**: GBAO is extremely vulnerable to natural hazards and its geographic isolation leaves the region’s populace in a perilous position.\(^11\) In Khatlon, the risk of landslides, mudflows, floods and erosion is high.\(^12\)

- **Agriculture employs the poorest strata of the population and its insufficient income generation opportunity is one of the reasons behind labor migration**: Agriculture in Tajikistan accounts for about 21 percent of GDP and employs some 550,000 people compared to 1.2 million Tajik migrants working in Russia. At the same time, it is estimated that livelihoods of 70 percent of the population directly or indirectly is dependent on agriculture. Of Khatlon’s formal labor force, 62 percent work in agriculture.\(^13\) The sector does not provide sufficient income, however. Agriculture has the lowest average monthly wage by sector, barely reaching 500 Somoni/month (approximately USD 50)— well below all other sectors, including transport, construction, education, health, and social services.

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8\(^{\text{Rival for Authority in Tajikistan’s Gorno-Badakhshan}, \text{Crisis Group Europe and Central Asia Briefing No. 87, 14 March 2018.}}\)


10\(^{\text{The task team conducted the analysis of the remote sensing and crowd source data for the purpose of project preparation. The analysis of cropland coverage draws on the following: World Bank. Forthcoming. Atlas of Tajikistan.}}\)

11\(^{\text{For example, in 2015, a 7.2 magnitude earthquake that struck GBAO caused widespread damage to infrastructure, blocking transportation routes, displacing 652 people, and leaving 4,000 more in need of assistance. Emergency response to this event was significantly constrained by the remote location of the affected area and lack of alternative routes to it. In GBAO, the international M41 route is Tajikistan’s only link to China, one of its main trading partners. M41 is frequently exposed to avalanches, mudflows, landslides, floods, and rock falls, making the transportation of goods generally unsafe and, at times, dangerous. World Bank. 2017.}}\)

12\(^{\text{“Strengthening Critical Infrastructure Against Natural Hazards Project”. Project Appraisal Document.}}\)

13\(^{\text{Khatlon accounts for half of the country’s agricultural land and pastures and produces half of the country’s agricultural output.}}\)
This is an important factor in driving labor migration, mostly among men of working age, including youth. Due to low incomes earned in the sector and ensued migration of working age men, most of the agriculture work is currently being done by women or elderly people.\textsuperscript{14} The share of \textit{de facto} female-headed households in Tajikistan is estimated to be more than 70 percent.\textsuperscript{15}

- \textbf{Tajikistan has a number of tourism assets which are just being noticed and are beginning to place the country on the global tourism map.} There are 161 tourism assets registered in GBAO and 193 in Khatlon. Tajikistan is located along the ancient “silk road”, has historical assets that date as far back as 4-6 centuries before Christ, as well as two UNESCO protected sites (Sarazm in Sogd and Tajik National Park - Pamir Mountains in GBAO). GBAO is likely to remain Tajikistan’s main pole of attraction for international tourists. The Pamir Mountains (also known as the Tajik National Park) in GBAO are included in the UNESCO Heritage List and in The Sustainable Destinations Global Top 100. Khatlon is benefiting from tourism in significant ways. Khatlon has a number of important historical sites that are not adequately maintained, preserved and commercialized to attract spending. However, these sites in Khatlon are often poorly maintained and lack any form of commercialization both at the sites and in the communities around them.

\textbf{4.3 District Level –Selection of Districts}

There are 24 districts in Khatlon region and 8 districts in GBAO. All 32 districts are eligible to participate in the grant program.

The proposed project will invest in public infrastructure to support agribusiness and community-based tourism development under Component 1. Under Subcomponent 1.1 only 4 districts with a recognizable anchor site of historical/cultural significance for the country will benefit from lump sum large investments for rehabilitation, beautification, landscaping, and general improvement of historical sites. They are Shaartuz, Vose, Nosiri Khisrav (Khatlon) and Ishkoshim (GBAO) districts.

Under subcomponent 1.2 improvement in local markets and storages is expected to provide better opportunities for farmers to sell their products. All 32 districts will benefit from district level subgrants on food safety control equipment for laboratories (estimate cost per subgrant is around US$10,000). In addition up to 24 districts will benefit from subgrants for improvement of infrastructure in public agri-food markets (e.g. sanitary, trading areas, cold storage, etc.). The estimate cost per market is around US$90,000. Municipalities, market associations, and similar entities could apply to compete for these grants.

Subcomponent 1.3 will invest in upgrading museums and cultural centres/hold music and art fairs and events/improve natural hiking trails. These grants will be competitively offered in all 32 districts of Khatlon and GBAO. Estimated cost per subgrant is around US$30,000.

\textsuperscript{14} Program for Reforming the Agriculture in the Republic of Tajikistan in 2012-2020
\textsuperscript{15} http://www.fao.org/3/b-i3840r.pdf (Rural Women in Europe and Central Asia: Gender Gap in Agriculture)
4.4 Jamoat and Village Level – Selection of Jamoats

No direct investments will be made into the jamoat or village level public infrastructure; however the jamoats and villages will benefit from the individual or group matching grants to be awarded on competitive basis to agricultural processors and tourism businesses. Also under Subcomponent 3.1: Capacity for public and private institutions to strengthen and promote tourism and agribusiness sectors, jamoat officials and village activists will participate in capacity building for market intelligence data collection and analysis, planning & implementation of trade fairs, and specific training for stakeholders to promote the dairy value chain.

4.5 Individual and Community Level

Inclusion is attempted through three different modes: One, designing components and sub-components with an in-built discriminatory targeting corresponding to the intervention purpose and capacity of the targeted individuals/ communities; Two, tailor made programs to build the capacity of people in different categories; and Three, creating an enabling / facilitation environment.

Components/ Sub-Components

Component 2—Support for MSMEs and entrepreneurs in tourism, agribusiness, and related services will provide matching grants to a range of MSMEs and entrepreneurs in agribusiness, tourism, and related services. A series of calls for proposals will be issued to reach potential beneficiaries in the target sectors.

Matching grants will be customized for the type of beneficiary, so that number of beneficiaries, selection criteria, size, percentage of matching contribution, number of calls, and the process of reporting results, will be customized for each scheme. Estimated total number of grants will be around 700 grants ranging from 2,000 to 90,000 USD.

Subcomponent 2.1 will finance matching grants to support small- and medium-scale processing and storage of agricultural products. Individual farmers, groups, or associations for post-harvesting activities will be eligible to apply. Grants will include purchasing small- or medium-scale processing, drying, or packaging equipment, or (cold) storage facilities in both Khatlon and GBAO. Support under this window could also help farmers make their products available to tourists (e.g. if presented and packaged nicely, honey, dried fruits, or medicinal herbs could become souvenirs for purchase by tourists). Estimated number of grants will be 224 grants at the amount of 30,000 USD. Competition will be high considering diverse range of MSMEs in 32 districts, but business development service providers will ensure that the wide range of MSMEs are informed about the grant eligibility criteria and help them to complete the grant application forms.

Subcomponent 2.2 will finance matching grants to strengthen dairy and one more (to be determined during implementation) value chains by connecting small producers to large processors, and supporting improvements in processes, management or food safety and quality
certification for processors. Through the provision of matching grants, the project will support individual farmers, groups, or associations to improve the quantity and quality of their milk; and processors for the establishment/acquisition of collection points, including equipment. These grants could be offered through a reverse auction scheme, whereby the project will predetermine the requirements and processors will be invited to submit proposals. Estimated number of grants will be 77 ranging from 6,000 to 30,000 USD for equipment.

Subcomponents 2.3 will support matching grants to community-based tourism and MSMEs for upgrading the quality of their products and services to tourists as a way to attract more tourism spending and higher prices, and thereby increase the income of local populations. Home stays, destination management organizations, tour operators, agrotourism providers, artists, crafters and activity providers businesses situated and other service providers in strategic locations will be eligible for these grants. Estimated number of grants will be around 400 grants ranging from 2,000 to 30,000 USD for equipment.

Enablers will also work with successful grant recipients on an individual basis. Enablers continue working with successful grant recipients whose proposals have been approved. They will help successful grant beneficiaries to implement their proposals, starting from the launch of activities (purchase of agricultural technical equipment, sanitation set for guesthouses, rest-stops, restaurants, setting-up shops, etc.), providing support during the implementation of activities for the first two years by visiting each successful beneficiaries up to 3 times a month.

**Skills Development - Tourism**

Component 3 will strengthen private sector skills in tourism. The project will:

- For high-skilled workers, offer grants to incentivize local universities (e.g. the University of Central Asia) to develop curricula for higher education. Grants (scholarships) will also be offered to a limited number of students. These grants will be channeled directly to the learning institutions on behalf of the students. These will target workers, including tour guides, hospitality managers, supervisors and managers of tourism sites, etc. and preference for admission and scholarships will be given to vulnerable groups.

- For mid-skilled workers, offer grants to vocational and continuing education schools (such as the Central Asia School of Continuing Education) to support the development of curricula (including English language skills) and certification programs to ensure “recognition of prior learning”, possibly in collaboration with an internationally recognized body. Grants (scholarships) will also be offered to a limited number of students. These will target workers, including cooks, driver, etc. and preference for admission and scholarships will be given to vulnerable groups.

- For low-skilled workers, offer on-the-job training for low-skilled workers. The on-the-job training will be offered through grants that would allow individuals from vulnerable groups who meet the qualification criteria to participate in training programs offered by large, established hotels in Dushanbe and other big cities. The grants will be paid directly to these establishments on behalf of the students. These will target workers, including waiters, cleaning staff, and landscaping crews, with preference given to individuals from vulnerable
groups\textsuperscript{16}. English language skills will also be included. These programs will also be offered in a mobile way by trainers visiting villages. This kind of training will be implemented in collaboration with the schools of continuing education and other vocational schools.

The sectoral interventions are designed to target the most at-risk groups, both directly and indirectly. Vulnerable groups such as women, youth, and returning migrants will benefit directly from business development subgrants and capacity building activities, at the same time they will be indirect beneficiaries of the public infrastructure investments within Component 1, as well as the rest of the general population in GBAO and Khatlon from the expected improvements to the overall economic conditions.

**Enabling Environment:**

Project recognizes that the communities are quite diverse and spread across the nook and corners of the regions. A good number of them are living on the borders of Afghanistan and China and encounters difficulty in 'accesses. So, special efforts are to be made towards ensuring: effective out reach and enable things to happen with appropriate capacity support.
5 Enabling Environment - Implementation Arrangements

5.1. Implementation agency

The existing PIU at the Ministry of Finance (MoF PIU) will serve as a Project Implementation Unit (PIU) for REDP. Fiduciary responsibilities, monitoring and evaluation, and social and environmental risk management tasks will be placed in the MoF PIU, leveraging existing staff in the MoF. A dedicated project manager and relevant specialists will be hired in the PIU. Additional staff will be hired under the project to complement MoF staff to successfully implement the REDP. A Project Implementation Group (PIG) will be established inside the Tourism Development Committee to implement tourism-related activities under the REDP and endorse the PIU’s procurement selections for tourism work. The PIG will implement all technical work related to tourism activities under the REDP but delegate fiduciary, M&E and safeguards responsibilities to the MoF PIU. The PIG will retain a no-objection role to endorse selections, including community and matching grants beneficiaries, related to tourism-related activities under the project. A tourism specialist and other staff with relevant capacities, as needed, will be hired to support the Tourism Development Committee PIG.

Figure 1. Implementation Structure

Two additional field coordinators will be hired under the project to support the regional governments in Khatlon and GBAO. Given that the majority of the agribusiness activities are focused on Khatlon and that tourism is the main focus of interventions in GBAO, one agribusiness specialist will be hired to sit in the governor’s office in Khatlon and one tourism specialist will be hired to sit in the governor’s office in GBAO. These specialists will coordinate with, and report directly to, the MoF PIU and the Tourism Development Committee PIG, respectively. They will support with stakeholder outreach at the regional level.

5.2. Other Implementation Actors

Strategic Partners. The GoT is establishing a steering committee at the national level to oversee the three projects comprising the Tajikistan RSP. The steering committee will help align the RSP with the central government policy framework toward decentralization and local governance.
reform to enhance the sustainability of IDA and other donor investments at the local level. The steering committee will establish working groups to allow for more focused technical discussions on each individual RMR project as needed. For REDP, key working group members will include representatives from the Ministry of Finance, the Ministry of Culture, Ministry of Agriculture, the State Investment Committee, Tourism Development Committee and the regional governors of GBAO and Khatlon. The composition and leadership of the steering committee is subject to confirmation by government counterparts.

**Grant Managing Company.** Given the variety of matching grant schemes envisaged under the project, it is proposed that a professional grant management company be hired to manage the rollout of matching grants. To ensure the successful implementation of matching grant components, a consulting company (vendor) will be hired to provide technical support to project implementing agencies on grant implementation. The firm hired will need to have experience and a successful track record in managing these kinds of programs, as well as familiarity with the country context. A private company hired under the project will not have decision-making authority, and disbursements to beneficiaries will continue to be handled from government implementing agencies. In consultation and coordination with the government, the hired firm will prepare grant manuals detailing implementation arrangements for each type of grant and beneficiary group. A grant committee comprised of public and private sector stakeholders would be responsible for overseeing the implementation of these grants and evaluating the applications. The grant manager and the PIU will select enabling intermediaries to provide business development services to beneficiaries.

The matching and full grants offered on a competitive basis and totaling between USD 13-17 million will be awarded under the project for MSMEs, communities, NGOs, municipalities during the entire life of the project under different calls for grants. Such size and variety of grants require an independent professional management company, with international experience in running such programs. The grant manager will report to the Project Coordination Unit.
Enablers/Business development service providers. The financial support in the form of grants and matching grants will be accompanied by technical assistance provided by “enablers” to ensure that as many applicants as possible receive information about the program and that the successful ones fully benefit from the grant activities. The team expects that enablers provide potential applicants and beneficiaries with three types of business development services: 1) pre-application services: identification, mobilization, support with registration and business plans, designs, feasibility studies, support with writing grant applications; 2) after care services: necessary technical assistance will be provided to beneficiaries to implement the grant; 3) monitoring and evaluation of beneficiaries. The grant manager will select business development providers: 1) 1-2 enablers for the public investment grants destined to the communities which want to improve touristic assets and improve public markets; 2) 1-2 enablers to advise the tourism and agribusiness MSMEs who will apply and be successful in the matching grant calls, and 3) 1-2 enablers to providing assistance to the applicants to the start-up competitions. These enablers can consist of recognized international or local organizations that have experience in providing technical assistance in the agribusiness and tourism fields in Tajikistan. Examples of such organizations include: Destination management organizations (DMOs), associations of retail and wholesale markets, the Pamir Eco Cultural Tourism Association (PECTA), Mountains Societies Development Support Program (MDSDP), Hotels (who can provide technical assistance to homestays for instance), Accelerate Prosperity, Universities, accelerators or any Local donor projects or local NGOs that have proven experience in providing business services.

There will up to 5 enablers identified by the Grant Management Company and hired by the MoF PIG under the project funds to work directly with potential/grant beneficiaries. 5 enablers will cover 32 regions of GBAO and Khatlon. Enablers are allowed to subcontract local companies to
maximize the outreach. Enablers will ensure the inclusiveness, open dialogue with potential and current grant beneficiaries, including open door days in the fields, as needed. Enablers have to participate in the full cycle of the grant administration working closely with the Grant Management Company: Call of Proposals, Outreach; Business Development Services in the field for potential beneficiaries to prepare proposals, Collection of Proposals, Preparation of proposals for the Grant Management Company and Grant Committee for proposals above the threshold. The enablers will receive a lump sum remuneration of USD 20-30K per year. Terms of Reference detailing role and responsibilities of the Enablers and deployment modalities are being worked out.

5.3. Inclusive Methods and Approaches

The project team has incorporated the following inclusive methods and approaches into the project design and will ensure their timely and proper application during the project implementation:

The direct beneficiaries of the activities under the project are the targeted vulnerable groups, namely, women, youth and migrant workers; at the same time the benefits of the project will extend to other stakeholders also. The interventions under the project are expected to create income earning opportunities for these groups. Other beneficiaries of the project include: public markets, museums, communities and cultural fairs (under component 1); agri-related stakeholders, including farmers, farmer groups and associations, processors, agri MSMEs, as well as tourism-related stakeholders, such as homestays, craftsmen, artists, restaurants and other service providers (under component 2); and start-ups, tourism guides and tour operators, low-skilled, semi-skilled and high-skilled workers, as well as agriculture students (under component 3).

The design of the project interventions will directly target vulnerable groups in multiple ways:

1) Public works for the rehabilitation of public infrastructure (markets and tourist sites) will leverage returning migrants, the large majority of whom employed in construction: The construction activities envisioned for the rehabilitation of tourism sites and the improvement of agribusiness infrastructure will offer a labor-intensive source of employment for migrant workers and youth. Selection of the providers for such works will include clauses to ensure that construction workers from local communities -- and particularly those who are among the vulnerable groups identified under the project -- will be employed to carry out these works. Moreover, the works could be implemented in parallel with a training program (including on-the-job training) related to the workers’ trade, carried out by a private company that would offer them a certificate.

2) Youth are expected to benefit from several types of grants. Community grants for organizing cultural events—including arts and music festivals, in particular—are expected to benefit youth, who will find an outlet to showcase their skills. This is expected to help keep them away from undesirable activities, such as drug trafficking and extremist groups. Similarly, skill-building programs for tour operators, cooks, drivers, cleaning staff, waiters, and so on, are expected to target the younger strata of the population, who will be given priority access to these programs. Finally, matching grants for musicians, artists, and crafters will offer additional income-earning opportunities for young people.

3) Women, including those heading a household, are expected to benefit from the support provided through matching grants in agribusiness, tourism, and related services. The majority of MSMEs in the tourism sector (including homestays, restaurant,
cafes, and crafters) are managed by women (and youth) and will be targeted by the matching grants programs.

4) **A strong capacity building and entrepreneurship development component will support beneficiaries.** Given the low capacity among the grant applicants and beneficiaries envisioned under the project—in particular, among vulnerable groups—business development support interventions are envisioned to provide them with technical assistance in preparing applications and follow up support during implementation.

5) **The grant programs under the project will provide preferential access to vulnerable groups.** The project will give preference to applications coming from vulnerable groups and will track the composition by age and gender of the beneficiaries. Additionally, the size of grants will be kept intentionally small to match the absorption capacity of these beneficiaries and the evaluation criteria will provide preferential access to those groups. Moreover, skills-building components will directly target the vulnerable groups by giving preference to these groups during the selection process.

Creation of farmer groups leads to inclusion of most vulnerable farmers, with careful consideration for flexibility of matching contribution. In many WBG projects, the creation of the Farmer Groups has followed a robust and participatory approach, and, in many cases, it provided a much-needed sense of empowerment, especially for the smallest of farmers that are typically the most vulnerable. In the case of the Agriculture Commercialization Project (P158499) in Tajikistan, most of the beneficiaries in the farmers groups were women (more than 60%). The same project allowed for flexibility in customizing the matching contribution depending on the size of the beneficiary to create a more equal treatment for the grant recipients who could not contribute financially to the same extent as bigger players. REDP will give preference to the formation of the farmers groups for accessing the matching grants and will allow flexibility in the matching grants based on the size of the applicant. Creation of farmers groups can also be difficult, and not lead to the most efficient outcomes in terms of operationalization of equipment, therefore the project retains flexibility in considering individual entrepreneurs as target groups for the matching grants.

**Business Development Services (BDS) will overcome the challenges associated with the need to ensure that all potential beneficiaries, both in the public and private sector, can gain access to the various grants under the project:** this is crucial since the main target of the interventions are vulnerable groups in rural areas that may face significant challenges of limited capacity and low level of access to information. The BDS will be provided for all grant programs under components 1 and 2, as well as skills building under subcomponent 3.2 with the objective not only to reach out to beneficiaries, but also to support them in pre-application and implementation. In order to provide BDS for each set of grants, a set of providers (“enablers”) will be competitively selected under the project.

**TA to beneficiaries.** Technical assistance will be provided to prepare sound business plans the support to create a pipeline of applicants, and continuous provision of TA to support beneficiaries from application to implementation is the design modality which seems to be most often correlated to positive outcomes. The financial support in the form of grants and matching grants will be accompanied under REDP by technical assistance provided by “enablers” to ensure that as many applicants as possible receive information about the program and that the successful ones fully benefit from the grant activities. The grant manager will be in charge of select business development providers for support for public investment grants, support to agribusiness and tourism MSMEs and to start-ups. These enablers can consist of recognized international or local
organizations that have experience in providing technical assistance in the agribusiness and tourism fields in Tajikistan.

**Entrepreneurship incubation services**

(and supporting tools such as including business plan competitions) will be rolled out in the two regions with the objective to further attract private sector enterprises in agribusiness, tourism and related services. The incubation provider will be in charge of outreach to communities to ensure good applications and ideas and will provide support for the preparation of the initial proposals. The business plan competitions will be managed by the enablers. The enablers will pre-screen the proposals and select those that would qualify for participation in the business competition program. Participation in the program is not a guarantee to win and receive funding for the implementation of the ideas. Rather, those who are shortlisted will go through a series of workshops facilitated and led by the enablers that will guide the participants in finalizing their ideas and business plans, before winning ideas are selected by the Grant Committee. A set of criteria will be prepared in the implementation manual for the screening and selection of the participants and winners. Vulnerable groups will be given preference in the allocation of support.

Given the critical shortage of skilled workers and diversified tourism product offering, provision of tourism training has tremendously enhanced tourism service delivery. REDP will provide **capacity building for public and private institutions** to promote tourism and strengthen private sector skills. Employees of public and private institutions in agribusiness & tourism promotion and development local stakeholders will be trained in market intelligence data analysis, policy development and implementation of trade fairs and tours. Low-, mid-, semi-skilled professionals and workers required in tourism sector will receive intensive capacity building training courses and TA to improve tourism services. For high-skilled workers, the project will offer grants to incentivize local universities (e.g. the University of Central Asia) to develop curricula for higher education. Grants (scholarships) will also be offered to a limited number of students. These grants will be channeled directly to the learning institutions on behalf of the students. These will target workers, including tour guides, hospitality managers, supervisors and managers of tourism sites, etc. and preference for admission and scholarships will be given to vulnerable groups.

**Citizen engagement** is embedded in the project design through several proactive and two-way mechanisms. First, participatory planning and decision-making activities will be conducted through semiannual focus group discussions and public forums with citizens and MSMEs, hosted by the "enablers." These events will specifically ensure that vulnerable local citizens and socially vulnerable groups receive information about the grant programs and that dialogues are established to assess and improve grant programs). Second, joint monitoring through the Grant Committee will provide community representatives the opportunity to engage constructively with public and private stakeholders to evaluate applications and oversee the implementation of the grant programs. Third, weekly "Open Door Days" for local citizens and MSMEs interested in implementing grant activities will be the responsibility of the consulting company. (The Open Door Days might, for example, provide guidance and information on the grants program tailored to applicant needs.) Fourth, capacity building for local citizens and interested MSMEs will accompany every call for proposals and serve as a forum for applicants to improve the quality of

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58 A private incubator already exists in Khorog (GBAO) and the WB team and the Government discussed the establishment of one (or, possibly, two) incubators in Khatlon, to be supported under the project. The refurbishment of the facilities to house the incubators (including appropriate office furniture and goods) will be covered under Component 1 to provide public services for entrepreneurs (such as support with business registration, etc.) and could serve as temporary office space for the different stakeholders in the project (especially beneficiaries and organizations mentioned under component 3.3).
their applications. Finally, a beneficiary feedback mechanism for all matching grant services will be actively promoted and established through sustainable institutional arrangements.
Annex 1. Description of Project Components

Component 1—Improve public infrastructure for development of tourism, agribusiness and related sectors (US$11,700,000). It includes three subcomponents:

- **Subcomponent 1.1: Public investments in historical and cultural tourism sites:** This subcomponent will finance the rehabilitation, beautification, landscaping, and general improvement of four cultural and historical sites. One site is in GBAO and three in Khatlon. The project will finance the investments, as well as the technical design and commercialization plans, the associated social and environmental assessments, and the supervision of the works.

- **Subcomponent 1.2: Grants to communities, municipalities, and nongovernmental organization (NGOs) to improve tourism and agribusiness infrastructure and develop local tourism attractions.** This subcomponent will finance grants for communities, municipalities, and NGOs to develop local tourism attraction and to improve infrastructure in public agricultural markets. The objective of this subcomponent is to solicit local communities’ proposals to develop tourism and agribusiness in Khatlon and GBAO and to involve citizens in designing and implementing these proposals, ultimately increasing citizens’ engagement and opportunities for productive employment. The Grant Management Company (GMC—financed under subcomponent 4.2) will administer the grants according to the principles and rules in the Grants Manual. Grants under this Subcomponent will include:
  - **Grants for communities, municipalities, or NGOs to improve tourism infrastructure or develop local tourism attractions.** The GMC, PIG, and grant enablers will advertise the availability of grants in all districts in GBAO and Khatlon. The grants will be open to NGOs, communities, or municipalities interested in promoting tourism. As examples, the grants might fund rehabilitating local recreational sites, improving hiking or cultural trails, or organizing local fairs.
  - **Grants for communities or municipalities to improve infrastructure in public agricultural markets (bazaars).** The GMC, PIG and grant enablers will advertise the availability of grants in all districts in GBAO and Khatlon for communities or municipalities interested in improving local bazaars by, for example: (i) building or improving trading areas, (ii) building or improving sanitary facilities, (iii) building or improving (cold) storage facilities, and (iv) repairing of facilities or buying equipment for food safety control labs in the bazaars. In addition, any other public good need pertaining the bazaars identified during the project implementation can be addressed and financed under this subcomponent.

- **Subcomponent 1.3: Public investments in touristic signage.** This subcomponent will fund the preparation, purchase, and installation of tourist signs across the major travel routes and for key tourism sites in Khatlon and GBAO, including road signage and entrance and interpretative signage. These interventions can cover – but will not be limited to – the sites financed under subcomponents 1.1 and 1.2.
Component 2—Support to MSMEs and entrepreneurs in the tourism, agribusiness, and related services (US$8,200,000). This subcomponent will finance matching grants to private sector actors (individual entrepreneurs, farmers or groups of farmers, and MSMEs) in agribusiness, tourism, and related sectors. Proposals from vulnerable citizens—youth, women, and returning migrants—and proposals that involve vulnerable citizens will have priority in the selection. Grant enablers (“enablers”) will be hired under subcomponent 3.2 to help applicants prepare proposals and implement selected ones. The GMC will collect the proposal and prepare the submission to the Grant Committee. The beneficiaries that submit a winning proposal will receive and be entitled to spend the grant money to achieve the objectives spelled out in their proposals.

- **Subcomponent 2.1: Matching grants to farmers and agribusiness MSMEs to support post-harvest storage and processing.** Matching grants will be provided to formally registered individual farmers, farmers’ groups, or associations and MSMEs to finance goods (equipment) and services to facilitate small-scale post-harvesting activities. The matching grants can finance, for example: (i) drying or packaging machines, (ii) (cold) storage facilities, (iii) equipment to produce small-size uniquely packaged products that can be sold on the local market or bought by tourists as present, or (iv) changes to production processes to obtain food safety and quality certifications such as HACCP and ISO 22000.

- **Subcomponent 2.2: Matching grants to farmers and processors in two agribusiness value chains.** These matching grants will support the development of two value chains by removing demand and supply bottlenecks. The first value chain is dairy, where the project will provide:
  
  - **Matching grants to formally registered farmers, or associations** to buy milking equipment, milk containers, improved fodder, and high-productivity cows to improve the quantity and quality of their milk.
  
  - **Matching grants to processors** to establish or acquire collection points, including quality control equipment. While grants will be provided to processors, they will benefit farmers by increasing opportunities to continuously trade milk with processors. These grants could be offered through a reverse auction scheme, whereby the project will predetermine the requirements and processors will be invited to submit proposals.

- **Subcomponent 2.3: Matching grants to tourism-related MSMEs to improve services and offerings.** The project will provide matching grants to formally registered tourism entrepreneurs, MSMEs, and NGOs so they can improve the quality of their products and services. Homestays, restaurants, tour operators, activity and service providers, artists and crafters could apply for the matching grants. The grants could fund a diverse set of initiatives, including: (i) improving access to basic sanitation services, (ii) upgrading kitchens to meet health standards, (iii) purchasing equipment that tourists want, and (iv) offering public services in rest areas. Matching grants to develop and promote agritourism will support farmers willing to diversify their income through tourism.

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17 GBAO has an organized association of homestays (PECTA) financed by the Agha Khan Foundation. There is no similar association in Khatlon.
Component 3 — Capacity building and business development services in tourism, agribusiness and related sectors (US$7,200,000). This component will finance capacity building and technical assistance to (i) promote the sectors by improving the capacity of public institutions and enhancing individual skills and (ii) provide business support services for implementing the grant and matching grant programs. It includes two subcomponents:

- **Subcomponent 3.1: Technical assistance to public agencies, service providers and operators in the tourism and agribusiness sectors.** This subcomponent will finance three specific activities, among others. The first is training and advisory on tourism and agribusiness development for key stakeholders. The second activity is promoting tourism and agribusiness by organizing and taking part in trade fairs, familiarization or learning tours (for tour operators and agribusinesses), and media and marketing activities. Targeted marketing activities include designing and disseminating online, in-print and visual materials. The third specific activity under this subcomponent is providing training, retraining, and certification programs for skilled professionals, semi-skilled workers, and relevant entrepreneurs.

- **Subcomponent 3.2: Technical assistance to help beneficiaries of grants and matching grants design, submit and implement grant proposals.** To maximize the outreach and the impact of all grant and matching grant programs offered under the project (including Component 2 and subcomponent 1.2), the project will competitively select enablers ("enablers"). The enablers could be local nongovernmental organizations, consulting companies, DMOs, or other providers of professional and knowledge services. The project will recruit three to five enablers18 to: (i) identify and train beneficiaries, particularly vulnerable groups, (ii) help beneficiaries prepare grant and matching grant proposals, and (iii) provide implementation support. To encourage proposals with positive impacts on the environment, the enablers will also conduct climate change awareness raising and knowledge sharing among beneficiaries.

Component 4— Project coordination and implementation, and grant management (US$2,900,000). It finances the overall implementation costs of the project, which include:

- **Project Coordination and Implementation.** The implementation costs will cover (i) staff and experts at the Project Implementation Unit (PIG) at the Ministry of Finance (MoF), which will implement the entire project, (2) tourism experts for the Project Implementation Group at the Tourism Development Committee will hire, and (3) regional coordinators in the governors’ offices in Khatlon and GBAO. Component 4 will also cover operational costs related to implementation, such as office equipment, travel, communication, printing, and transportation. In addition, the costs will include monitoring & evaluation (M&E) and impact assessment activities to systematically track and measure the results of the project and to rigorously assess the impact of some pilot initiatives on incomes and jobs, with a focus on youth, women and returning migrants.

- **Grant Management Company.** A dedicated company financed under this component will manage the grants and matching grants.

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18 At a minimum, 2-4 enablers in total should ensure coverage of tourism and agribusiness beneficiaries in the 25 districts of Khatlon. Given the remoteness of GBAO, one facilitator should be dedicated to beneficiaries in those districts.