

# Financial Education Action Plan TAJIKISTAN



## THE OECD/INFE TECHNICAL ASSISTANCE PROJECT ON FINANCIAL EDUCATION IN THE COMMONWEALTH OF INDEPENDENT STATES (CIS)

### Context and purpose of this note

*This document is a short action plan for Tajikistan proposed by the OECD in the framework of the CIS financial education technical assistance project. This action plan was prepared based on the overall CIS project action plan, desk research, the findings of OECD experts visit to Tajikistan and the mapping exercise of existing financial education projects in the country. It briefly describes 1) the status of financial literacy and related initiatives in Tajikistan and offers 2) a tailored action plan under the project for Tajikistan.*

### 1) Financial literacy in Tajikistan

#### Financial literacy measurement

The World Bank Group (WBG) has recently done two studies on various aspects of financial literacy:

- World Bank Financial Capability Survey (2012), with support by Russia Financial Literacy and Education Trust Fund;
- Financial literacy baseline survey (2014), on financial knowledge, skills, and behaviour. The survey showed important gaps in various aspects of financial literacy: only 26% of respondents believed that borrowed money could be productively invested, 83% said they did not use any financial services, with the most popular being money transfers/remittances and currency exchange, and over 50% of the population did not keep records on a family budget. Based on the results of the survey, WBG developed a Financial Literacy Programme with three banks and four MFIs.
- Survey for the assessment of the financial literacy of the population, financial behavior, knowledge and practice of their application"; World Bank Group (WBG) / IFC (April 2016).

The sample of the survey is 1053 participants. The objective is to compare the findings with those of a study conducted in 2013 and understand the impact of applied financial literacy programs, including the WBG's Financial Literacy Program realised through financial institutions (currently 15 financial institutions) since 2014.

The study did not show significant changes in the dynamics of the indicators between 2013 and 2017, but nevertheless a small positive trend was observed in the following indicators: budget management - 16% (2017) vs. 12% (2013); Accumulation of funds - 40% (2017) against

34% (2013); Use of loans - 25% (2017) against 24% (2013); Use of payment cards - 24% (2017) against 15% (2013). The study showed that 64% of the polled population wants and is ready to receive financial knowledge. Based on the results and the demand for the development of financial literacy, the World Bank Group is working to expand the coverage of the financial literacy programs in the country and improve it.

### **National Strategy for Financial Education (NSFE)**

There is no National Strategy for Financial Education in Tajikistan. However, in 2016 the Government adopted the National Development Strategy of the Republic of Tajikistan for the period until 2030. This provides for the development and implementation of the “State Programme for Increasing Financial Literacy of the Population”. Although the National Development Strategy does not specify any targets with respect to financial literacy, it sets a number of targets that would require, among other things, increased levels of financial literacy and substantial financial education efforts (e.g. increase in the use of banking services and share of non-cash payments). A NSFE could therefore potentially be developed as part of the State Programme for Increasing Financial Literacy.

On the institutional side, within the National Bank of Tajikistan (NBT) the division of Rights protection of Consumers of financial services has been created in 2015. The division has been upgraded as a department in March 2017. The department has a separate division of financial literacy which deals with financial education issues. Others functions of the department include: regulation, supervision, complaint handling.

### **Financial education in schools**

There is no formal financial education programme for schoolchildren in Tajikistan. However, a pilot project is currently underway, implemented by Savings Banks Foundation for International Cooperation (SBFIC), in co-operation with the NBT and the Ministry of Education. One of the objectives of the project is the integration of financial education in high schools’ curricula. The development and introduction of a curriculum for basic financial education in schools in Tajikistan is currently at its first stage, which includes the identification of the so-called “multipliers” – i.e. people who will be “master trainers”. During the second stage, the multipliers will train the trainers – local schoolteachers. The third stage will begin in October 2017 when teachers will start teaching high school students (16-17 years old). The Ministry of Education and Science of Tajikistan provides in-kind contributions and will be approving the content of the curriculum for schoolchildren.

Other recent initiatives of financial education for youth include Tajikistan's participation in Global Money Week led by NBT, and a programme combining financial literacy education with reproductive health for girls aged 14-18 carried out by the NGO Aflatoun in 2012-2013.

Besides above mentioned programs, since 2014 NBT is realising a complex programme to increase the level of financial education of adult population. The programme has been developed by IFC /WB with the support of the Government and financial system representatives. It is realized by financial institutions – partners.

The programme includes: trainings for adult population, consultations with borrowers, broadcasting of short training videos and radio programs. To date, with the support of the partners more than 600 training sessions have been conducted, (12,000 people trained), more than 260,000 people have received in-depth counselling. The programme cover all regions of the country and different social groups of the population.

### Meeting the financial literacy needs of migrants and their families

No formal financial education programme for migrants exists in Tajikistan, although the need for educating both migrants and their families on the use of remittances (28.8% of GDP in 2015) is recognised by the government. In 2016, the Ministry of Labour, Migration and Employment conducted research on migrants' use of remittances, which confirmed that they are mostly used for consumption and only marginally invested in productive activities or savings.

Two organisations currently actively work with migrants – the International Organisation for Migration (providing services for migrants and their families on how to use income earned abroad in a productive way) and the Ministry of Labour, Migration and Employment of Tajikistan (in charge of vocational training centres for adults, including migrants). Their activities could potentially be used as a basis for the dissemination of financial education among migrants.

## 2) Suggested project contributions to financial literacy in Tajikistan

### • Collect evidence using the OECD/INFE toolkit

Several kinds of support will be offered through the project:

- The dedicated data collection exercise and analyses will be a good opportunity for Tajikistan to assess the financial literacy from an OECD/INFE perspective and to benchmark the country regionally and internationally. Small adjustments to the 2015 OECD/INFE toolkit can be useful to adapt it to the Tajik context. These adaptations could be made in two directions: design of additional questions on consumer rights protection and informality and revision of the content of some questions. Booster samples of entrepreneurs, rural dwellers and migrants could be considered to capture financial literacy levels in relevant segments of the population. For the survey implementation, the OECD plans to collaborate with an international survey agency that will coordinate the survey conduct in other CIS countries (in close cooperation with NBT and local survey agency).

**Period:** implementation of survey -2017 second half

- Use of findings to inform financial literacy initiatives, national strategy for financial education (see second component below) and further analysis at local levels. Creation of regional database on financial literacy and inclusion in CIS and dissemination of results.

**Period:** 2018-2019 first half

- Two regional workshops are planned to support this component in Minsk (measurement of financial literacy, 19-20 September 2017) and in Moscow (presentation of survey results, second half 2018).

### • Support to design of National Strategy for Financial Education

Two kinds of support will be offered through the project:

- A roadmap will be developed to support the NBT in design on a NSFE for Tajikistan, possibly as part of the State Programme for Increasing Financial Literacy. With increased capacity and resources, the Division for Consumer Protection within NBT should be the counterpart for this activity. OECD support could help assessing the needs for financial education in the Tajik population, set-up functioning governance mechanisms, define objectives and target audiences, delivery mechanisms, and monitoring and evaluation tools.

**Period:** 2017 second half-2019 first half

- Two regional workshops to support the NSFE development, implementation and evaluation/revision will be organised to provide direct guidance on this component in Minsk (19-20 September 2017) and in Moscow (2018 second half).
- **Support for the inclusion of financial literacy in schools and for youth**  
Two kinds of support are planned under the project:
  - A policy handbook on financial education in schools and youth in CIS will be developed, including guidance on the introduction and successful implementation of financial literacy in schools in the region, advice for the definition of core competencies for financial literacy in CIS, training of trainers and development of pedagogical tools for different age groups.  
**Period:** 2017 second half – 2019 first half
  - Two regional workshops are planned as part of this component for sharing best practices of integrating the financial education component in schools, in 2018 (first half, place TBD) and 2019 (first half, place TBD)
- **Support to financial literacy for migrants and their families**  
Considering the important role of migrants in the CIS region, two kinds of support will be provided through the project:
  - A regional report will be produced to analyse the needs of migrants and their families in terms of financial education in CIS. The report would include an analysis of the Tajik case and provide recommendations on financial education for migrants and their families in the region.  
**Period:** 2018 first half – 2019 first half
  - One regional workshop will support this component including discussion of the situation of migrants building on data collection and desk research developed through the project as well as the experience of countries (2018 first half, possibly in Tajikistan depending on interest, to be discussed in Moscow).

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