# TERMS OF REFERENCE

**Establishment of the Legal Framework and Regulations for Awqaf in Uzbekistan**

**I. INTRODUCTION**

Awqaf is a system for the effective asset management donated by devout Muslims for charitable purposes such as the maintenance and development of education, health care, social welfare and poverty alleviation. Awqaf represents a vital institution and a means to increase wealth and resources to empower national and local communities.

This project aims to support and accelerate the development of Awqaf in Uzbekistan. Within the framework of the Islamic Development Bank (IsDB) grant, the Committee on Religious Affairs under the Cabinet of Ministers of the Republic of Uzbekistan (hereinafter referred to as “the Committee”) with the assistance of the Public Charitable Foundation "Waqf" (hereinafter referred to as "Waqf") is implementing the project to develop the required legal and regulatory framework for the Awqaf in accordance with the best practices that is suitable for the country and principles which should be in compliance with the Shariah governance for the Islamic finance for the Republic of Uzbekistan.

**II.  OBJECTIVE OF THE PROJECT**

Development of Awqaf is a relatively new concept in Uzbekistan. Recent announcements by the Government and H.E. the President have put a high priority on the introduction of Islamic banking and finance in the country and the availability of Islamic financial products and instruments in the country.

Currently, Uzbekistan started working on legal framework for Islamic banking and finance, since there is a growing interest in Islamic financial services from the private sector both in rendering and receiving such services.

The Committee has been nominated as the executing agency and will work with the Central Bank of Uzbekistan and other stakeholders including but not limited to the Ministry of Finance and Economy, State Tax Committee, Ministry of Justice and other private sector players to successfully implement this project.

The objective of the project is the establishment of a legal framework for Awqaf along with the requisite regulatory, supervisory, taxation and Shariah guidelines **(with translation into Uzbek/Russian)**: This includes but is not limited to:

The consultant will develop a comprehensive plan for the development of Awqaf and its legal framework in Uzbekistan. The plan should include the following tasks:

**III. SCOPE OF SERVICES**

The overall purpose of this consultancy assignment is to create an enabling legal, regulatory and supervisory environment for the establishment and development of Awqaf in Uzbekistan.The Consultant(s) shall undertake the following complementary tasks, which will cover the following:

**Task 1.** Legal and Regulatory Review: To review the existing legal and regulatory framework for Awqaf in Uzbekistan and identify gaps, inconsistencies and areas for improvement. To develop a comprehensive legal and regulatory framework for Awqaf that aligns with international best practices and is consistent with Uzbekistan's legal system and cultural norms. To draft a comprehensive Awqaf law that covers all aspects of Awqaf, including establishment, management, governance, fundraising, distribution of assets, and accountability.

**Task 2.** Capacity Building: Develop and deliver capacity-building programmes for relevant stakeholders, including government officials, religious leaders, and civil society organizations, to enhance their understanding of Awqaf and promote their active involvement in their establishment and management.

**Task 3.** Awareness Creation: Develop and implement awareness creation programmes to increase public understanding, confidence and trust in the Awqaf sector as a viable, sustainable and effective means of addressing social, economic and religious needs.

**Task 4.** Supervisory Framework: Design and implement a supervisory framework for Awqaf to ensure compliance with applicable laws and regulations, promote accountability and transparency, and protect the interests of Awqaf beneficiaries.

**3.1 DETAILED SCOPE OF WORK**

This assignment includes the following detailed tasks. All Tasks shall be carried out in close consultations and coordination with the Committee, which will also provide administrative and information support to the Consultant throughout all stages of this assignment.

The **Task 1** should aim to:

1. Identify all relevant legislation, regulations, and guidelines related to Awqaf in Uzbekistan.
2. Analyze the existing legal and regulatory framework to identify gaps, inconsistencies, and areas for improvement.
3. Evaluate the effectiveness of the current legal and regulatory framework in promoting the establishment and development of Awqaf in Uzbekistan.
4. Identify any challenges or barriers that may be hindering the development of Awqaf in Uzbekistan.
5. Evaluate the level of compliance of Awqaf institutions with the current legal and regulatory framework.
6. Assess the level of public awareness and understanding of Awqaf in Uzbekistan.
7. Identify any relevant international standards and best practices that may be applicable to the development of the legal and regulatory framework for Awqaf in Uzbekistan.

Based on the findings of the legal and regulatory review, the consultant should develop a comprehensive legal and regulatory framework for Awqaf in Uzbekistan that aligns with international best practices and is consistent with Uzbekistan's legal system and cultural norms. The framework should include clear guidelines and regulations for the establishment, management, governance, fundraising, distribution of assets, and accountability of Awqaf institutions.

To draft a comprehensive Awqaf law, the consultant should engage with relevant stakeholders, including government agencies, civil society organizations, and Awqaf institutions. The law should cover all aspects of Awqaf, including establishment, management, governance, fundraising, distribution of assets, and accountability. The law should also align with international best practices and be consistent with Uzbekistan's legal system and cultural norms.

The consultant should consider the following when drafting the Awqaf law:

1. The legal and regulatory framework for Awqaf in Uzbekistan and any gaps or inconsistencies identified in the legal and regulatory review.
2. Relevant international standards and best practices.
3. Cultural and social factors that may influence the development of Awqaf in Uzbekistan.
4. The perspectives and input of relevant stakeholders.

The consultant should ensure that the draft law is clear, concise, and easy to understand for all stakeholders. The consultant should also ensure that the draft law provides a strong legal framework for the establishment and development of Awqaf in Uzbekistan.

The **Task 2** should aim to:

1. Enhance the understanding of Awqaf and their potential role in addressing social and economic development challenges in Uzbekistan.
2. Build the capacity of government officials, religious leaders, and civil society organizations to effectively establish, manage, and govern Awqaf institutions.
3. Promote the active involvement of relevant stakeholders in the establishment and management of Awqaf institutions.
4. Enhance the awareness and understanding of the legal and regulatory framework for Awqaf in Uzbekistan and the role of stakeholders in ensuring compliance.
5. Promote the sharing of best practices and experiences in the establishment and management of Awqaf institutions.

The capacity-building programmes should be tailored to the needs of each stakeholder group and should be delivered through a variety of methods, including workshops, training sessions, and mentoring.

The consultant should consider the following when developing and delivering the capacity-building programmes:

1. The level of knowledge and understanding of Awqaf among each stakeholder group.
2. The specific roles and responsibilities of each stakeholder group in the establishment and management of Awqaf institutions.
3. The cultural and social factors that may influence the involvement of each stakeholder group in the establishment and management of Awqaf institutions.
4. The availability of relevant resources, such as training materials and experts in the field.
5. The need for ongoing support and follow-up to ensure the effective implementation of the capacity-building programmes.

To develop and deliver the capacity-building programmes effectively, the consultant should engage with relevant stakeholders to identify their needs and priorities. The programmes should be designed to be interactive and participatory, allowing stakeholders to share their experiences and perspectives. The consultant should also consider incorporating case studies and real-life examples to illustrate the practical application of the concepts and principles being taught and propose an appropriate Familiarization Visit to a Country selected with the best international practices.

The consultant should ensure that the capacity-building programmes are delivered by experts in the field who have experience in the establishment and management of Awqaf institutions. The programmes should also be evaluated regularly to ensure their effectiveness and to identify areas for improvement.

The **Task 3** should aim to:

1. Increase public understanding of Awqaf and their potential role in addressing social, economic, and religious needs in Uzbekistan.
2. Build public confidence and trust in the Awqaf sector as a viable, sustainable, and effective means of addressing these needs.
3. Promote public awareness of the legal and regulatory framework for Awqaf in Uzbekistan and the role of stakeholders in ensuring compliance.
4. Encourage public participation and support for the establishment and management of Awqaf institutions.

The consultant should consider the following when developing and implementing the awareness creation programmes:

1. The target audience and their level of knowledge and understanding of Awqaf.
2. The cultural and social factors that may influence the public's perception and acceptance of Awqaf institutions.
3. The most effective communication channels for reaching the target audience, such as social media, print media, radio, or television.
4. The need for engaging and persuasive messaging that highlights the benefits and positive impact of Awqaf on society.
5. The use of real-life examples and success stories to illustrate the practical application of Awqaf principles and concepts and propose familiarization visits to selected country.

The consultant should develop a comprehensive communication plan that outlines the messaging, communication channels, and timeline for implementing the awareness creation programmes. The plan should include a mix of targeted and broad-based messaging, as well as strategies for engaging with key opinion leaders and influencers.

The consultant should also consider leveraging existing networks and partnerships to amplify the reach and impact of the awareness creation programmes. This could include partnering with religious organizations, community-based organizations, and other stakeholders to help disseminate information and engage with the public.

The success of the awareness creation programmes should be measured through regular monitoring and evaluation of the reach, impact, and effectiveness of the messaging. The consultant should use this feedback to adjust the communication plan as needed and ensure that the programmes continue to resonate with the public and effectively promote understanding, confidence, and trust in the Awqaf sector.

The **Task 4** should include following steps that the consultant should consider when developing framework:

1. Review and analyze the existing legal and regulatory framework for Awqaf in Uzbekistan, including any relevant legislation, regulations, and guidelines, to identify any gaps or inconsistencies in the current system.
2. Develop a comprehensive set of supervisory guidelines for Awqaf institutions that outline the minimum standards and requirements for compliance with applicable laws and regulations.
3. Identify the relevant government agencies responsible for enforcing the supervisory framework and establish clear lines of communication and coordination between these agencies and the Awqaf institutions.
4. Develop a risk-based approach to supervisory oversight, which prioritizes the monitoring and evaluation of high-risk Awqaf institutions and activities.
5. Implement a reporting mechanism that requires Awqaf institutions to provide regular and transparent reporting on their activities, including financial and operational performance, to ensure compliance with applicable laws and regulations.
6. Establish an independent oversight body or board that is responsible for monitoring and evaluating the effectiveness of the supervisory framework and ensuring that it remains relevant and up-to-date.
7. Provide training and support to the relevant government agencies, Awqaf institutions, and other stakeholders to ensure effective implementation of the supervisory framework.

The success of the supervisory framework should be measured through regular monitoring and evaluation of compliance with applicable laws and regulations, as well as the effectiveness of the framework in promoting accountability and transparency within the Awqaf sector. The consultant should use this feedback to make necessary adjustments to the supervisory guidelines and ensure that the framework remains relevant and effective over time.

**IV. OBLIGATIONS OF THE CONSULTANT.**

**Recommended schedule and work method**

1. During contract negotiations the Consultant should prepare a preliminary work plan for all components of the TOR and submit it for review and approval to the Committee. This work plan will be the integral part of the future contract.

2.  The Consultant’s work plan should include the number of visits to the project site to the Committee, and at the end of each visit a report should be submitted to the leader of the project in writing.

3. The approximate duration of the Consultant’s work will be 6 months (depends on each component completion from Uzbek side as well). At the same time the first visit to the project site should be made before submission of the overview report (analysis of the legal and regulatory framework).

4. If there are travel restrictions or prohibitions on international flights, the required visits (first, final, etc.) by the Consultant can be fulfilled through virtual meetings/consultations. In such a situation, the Consultant will need to provide the relevent information regarding the prevailing COVID-19 restrictions.

5. The Consultant should provide an address, telephone (mobile and stationary) number, fax and e-mail to the Committee for prompt resolution of emerging issues. During the work on the assignment the Consultant should closely cooperate with the project leader at the Committee and report to the project leader, who should receive all the reports and materials specified in the TOR.

6. As each project component is completed the Consultant should conduct training for the staff of the Committee and concerned agencies on all areas of work.

7. Completion of all work of the Consultant is expected by September 2024 (assuming a commencement of project starting March 2024).

**V. OBLIGATIONS OF THE BENEFICIARY**

The Committee should provide office rooms, supplies, furniture, a local telephone line and Internet access during visit of the consultant. The Committee will provide all required supporting information about existing law, regulations, circulars, etc. and other reasonable information needed by the consulting firm to execute its duties with respect to the scope of services.

**VI. LIST OF REPORTS, IMPLEMENTATION SCHEDULE AND RESULTS PROVISION**

1. **The Consultant’s work plan** is the action plan that should be realized to successfully implement the project. It should be submitted within 1 week from the date of signature of the contract or other date specified in the contract.

The initial (overview) reports should be prepared on the basis of the analysis of Regulatory Legal Acts (RLAs) which will be published on the official website of the Committee and should consist of the following items according to the Performance indicators of the Section 3 “Scope of services”:

- gaps in the legislation;

- risk assessment;

- next steps.

2. The Consultant should submit progress reports to the project leader.

There should be 2 (two) types of the **Progress Reports,** and the Progress Reports should be submitted to the Committee in writing:

* regularly, on a monthly basis.
* after completion of each component.

Progress reports should include the following information: introduction, goals and objectives of the report, a description of the progress (or reasons for the lack of progress) and scope of work performed by the Consultant during the reporting period, problems and achieved success, conclusion (findings and recommendations of the Consultant), goals and objectives for the next reporting period.

3.The **Final Reports** should summarize the results of the Consultant’s work and contain a list of activities, their description and recommendations for the successful completion of the project.

4. Upon request of the Committee the Consultant prepares and presents a report and presentations for the management of the Committee and concerned structural units.

5. All reports and conclusions are submitted to the project leader in writing in an accessible (English/Russian) language.

6. The specific deadlines for the submission of the report(s) and the content of the report(s) will be detailed in the course of the contract negotiations.

7. Upon provision of the services, including trainings/practical seminars and delivery of the reports approved by the project manager the Parties shall sign the Certificates of Services Delivery and Acceptance. The basis for payment of consulting services will be the Certificates of Services Delivery and Acceptance and the corresponding invoices.

8. Deliverables: The expected deliverables of the project are:

* 1. An assessment report on the current state of Awqaf management and regulatory framework. The draft of a comprehensive Awqaf law that covers all aspects of Awqaf.
  2. A capacity building plan for Awqaf personnel and management teams.
  3. Investment opportunities report for Awqaf assets.
  4. A comprehensive model for Awqaf asset management.
  5. A report summarizing outreach and awareness program results.
  6. A report outlining transparency and accountability mechanisms for Awqaf management.

**VII. PROPOSED PAYMENT SCHEDULE**

Specific payment percentages is indicated in special conditions of the Contract and may be negotiated with the selected consulting during the contracting stage of procurement.

**VIII. NON-DISCLOSURE OF INFORMATION**

Upon receipt of these terms of reference the Consultant confirms that all information collected during the process of submission of the proposal (including the information contained in the TOR) is strictly confidential and should not be transferred to a third party (namely, the party other than the Consultant and Islamic Development Bank) or otherwise used without the appropriate permission of the Committee. Upon completion of the assignment the Consultant should return all the materials to the Committee.

To avoid any doubt the Consultant agrees to keep the information contained herein in secret, even if the Consultant decides not to render services under the TOR.

**IX. SELECTION CRITERIA**

Selection of the Consultant will be carried out with the use of a Consultant Qualification Selection Member Countries (CQS/MC) in accordance with the policies and procedures of the IsDB. The selection criteria will be based on 3 factors as follows:

(i) Specific experience of the Consultant (as a firm) related to the assignment

(ii) Adequacy of the proposed work plan and methodology in responding to the Terms of Reference (TOR):

(iii) Qualifications and competence of the team (Key Experts) for the project

**IX. QUALIFICATION REQUIREMENTS FOR THE EXPERTS**

The consultant should have a team of experts with adequate experience in the above areas, as well as familiarity with the Uzbekistan environment, laws and regulations. The team should have a good understanding of the local culture and traditions, particularly in endowments management.

Overall, the consultant team should have established expertise in the areas of endowments, finance, law, and Islamic studies with significant experience in context, enabling them to provide a comprehensive legal, regulatory and supervisory framework for the establishment and development of Awqaf. It is expected that following experts will be required to perform the assignment, however, the list is the preliminary and the Consultants may propose additional experts as per their experience.

1. **Team Leader / Awqaf Expert.** Theexpert should have a relevant educational background in Islamic Studies, Law, or Finance. Knowledge of Islamic financial principles and the principles of Waqf (endowment). Experience in managing Waqf properties or assets, legal and regulatory frameworks related to Waqf management is preferred. The expert should have excellent communication and interpersonal skills with the strong leadership skills and ability to manage a team effectively.

2. **Legal Expert:** This expert should have a degree in law from a recognized university and specialized knowledge in Islamic law, endowments law, and working with Uzbekistan’s legal system is an additional asset. The expert should have experience in drafting legal frameworks, reviewing legislation and ensuring compliance with international standards.

3. **Islamic** **Financial Expert:** A financial expert with experience in endowments, investment strategies, and Islamic finance may be required. The expert should possess a degree in finance, economics, or a related field from a recognized university and have experience in developing investment policies, analyzing financial statements, and identifying viable investment opportunities.

4. **Islamic Scholar:** An Islamic scholar with in-depth knowledge of Islamic law and endowment management may be required. The scholar should possess a degree in Islamic studies or Shariah from a recognized university and have appropriate experience in Islamic finance and endowment management.

5. **Technical Expert:** A technical expert with experience in IT systems and software development may be required to advise on the development of an electronic platform to manage endowments registration and reporting.

The consultant is expected to have fully read and understood **ALL sections** of this ToR document to comprehend the expectations of the hiring department from this project.