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Country Partnership Framework

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE REPUBLIC OF TAJIKISTAN

FOR THE PERIOD FY2026–2032

[June 2, 2026]

Central Asia Country Management Unit
Europe and Central Asia Region

The International Finance Corporation
Middle East and Central Asia Region

The Multilateral Investment Guarantee Agency

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The date of the last Performance and Learning Review was date of January 4, 2024

CURRENCY EQUIVALENTS

Exchange Rate Effective as of April 30, 2026

Currency Unit = Tajik Somoni (TJS)
TJS 1.00 =US$0.11
SDR 1.00=US$1.37

FISCAL YEAR

GOVERNMENT'S FISCAL YEAR
January 1 to December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	IDA	International Development Association
AI	Artificial Intelligence	IFC	International Finance Corporation
AIIB	Asian Infrastructure Investment Bank	IMF	International Monetary Fund
CE	Citizen Engagement	JICA	Japan International Cooperation Agency
CPF	Country Partnership Framework	HPP	Hydropower Plant
DPO	Development Policy Operation	L2T	Listening to Tajikistan
EU	European Union	MIGA	Multilateral Investment Guarantee Agency
EBRD	European Bank for Reconstruction and Development	MSMEs	Micro, Small, and Medium Enterprises
ESF	Environmental and Social Framework	PIU	Project Implementation Unit
FAO	Food and Agriculture Organization	PBA	Performance-Based Allocation
FCDO	Foreign, Commonwealth & Development Office	PFM	Public Financial Management
FCV	Fragility, Conflict and Violence	PPPs	Public-Private Partnerships
FY	Fiscal Year	SCD	Streamlined Country Diagnostic
CDD	Community-Driven Development	SDC	Swiss Agency for Development and Cooperation
GDP	Gross Domestic Product	SDR	Special Drawing Rights
GBV	Gender-Based Violence	SECO	State Secretariat for Economic Affairs
GIZ	German Agency for International Cooperation	SOE	State-Owned Enterprise
GRM	Grievance Redress Mechanism	SME	Small and Medium Enterprises
GROW	Global and Regional Opportunities Window	TJS	Tajik Somoni
HEIS	Hands-on Expanded Implementation Support	TVET	Technical and Vocational Education and Training
IBRD	International Bank for Reconstruction and Development	UNICEF	United Nations Children's Fund
ICSID	International Centre for Settlement of Investment Disputes	WBG	World Bank Group

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COUNTRY PARTNERSHIP FRAMEWORK FOR THE REPUBLIC OF TAJIKISTAN (FY26-32)

Unlocking Tajikistan's Potential for Private-Sector-Led Growth that Generates Jobs

This Country Partnership Framework (CPF) outlines the strategic collaboration between the World Bank Group (WBG) and Tajikistan for the period FY2026–2032. It is designed to support the country's transition from a remittance-dependent economy that is highly vulnerable to shocks, toward a more sustainable and resilient growth model centered on private-sector job creation, human capital development, and climate resilience. This ambitious and selective CPF is in line with the Government's National Development Strategy 2030 that aims to accelerate development while fostering a more equitable society, with better access to jobs and services.

1. Tajikistan is at a critical juncture where its old growth model has reached its limit. While the country has maintained high GDP growth and achieved notable poverty reduction,[1] it remains heavily reliant on export of low-skilled labor and related remittances (accounting for about half of the country's GDP), which are vulnerable to external shocks and tightening labor migration policies in host countries. With around 40 percent of the working age population employed[2] and an estimated 600,000 youth who will enter the labor force over the coming decade[3], the economy will have to generate about 1.4 million jobs over that horizon to seize the opportunity offered by the youth bulge and increase labor force participation for all.

2. But the private sector is constrained and has not reached its potential as a driver of job creation, productivity growth, and private investment, which accounts for around 15 percent of total investment. Fostering more private sector dynamism will require strengthening the business environment, ensuring a leveled playing field via fair, predictable and non-discretionary enforcement of business regulations and tax administration, as well improving equal access to public services, procurement opportunities and finance. The economy also continues to be dominated by a large public sector, including more than 600 state-owned enterprises and market entry and competition are constrained in certain markets. The combination of foreign exchange liquidity constraints, small market size of a landlocked country that is vulnerable to climate and other shocks, as well as cross-border tensions and geopolitical risks, have muted foreign investment, limiting job opportunities for the youth and fueling migration.

3. Yet Tajikistan possesses significant growth potential centered on its vast natural resources. With the completion of the flagship Rogun Hydropower Plant (HPP), which is expected to double electricity generation, the government aims to transform the country by harnessing its significant renewable energy potential and becoming a clean energy exporter for South and Central Asia. Also, with over 800 documented deposits of minerals and metals, the mining sector offers a large potential. In addition to agricultural production, Tajikistan is gaining recognition as an emerging tourism destination given its landscape, glaciers and cultural heritage. The country is encouraging digitalization to bypass geographic barriers, reduce trade costs and allow businesses to have better access to global value chains.

4. Developing Tajikistan's large potential for sustainable and resilient growth requires a transition from a state-led, remittance-dependent economic model to a more private-sector led and diversified growth model.[4] Unlocking private capital to sustain growth and accelerate job creation requires major improvements to the business environment: leveling the playing field, reforming SOEs, improving the enforcement of competition policy, enhancing investor protection and reducing bureaucratic hurdles and discretion in how regulations are applied. As a landlocked country, significant investments are needed in roads and digital infrastructure to better connect the country to regional and global markets and reduce

[1] The national poverty rate declined from 56 percent in 2010 to just below 20 percent in 2024 — an impressive achievement by regional and global standards (*Tajikistan Poverty and Equity Assessment, 2025).*

[2] Only 30 percent of women, compared to 50 percent for men (*Tajikistan Poverty and Equity Assessment, 2025).*

[3] Based on UN DESA World population prospects 2024 for medium-variant projections.

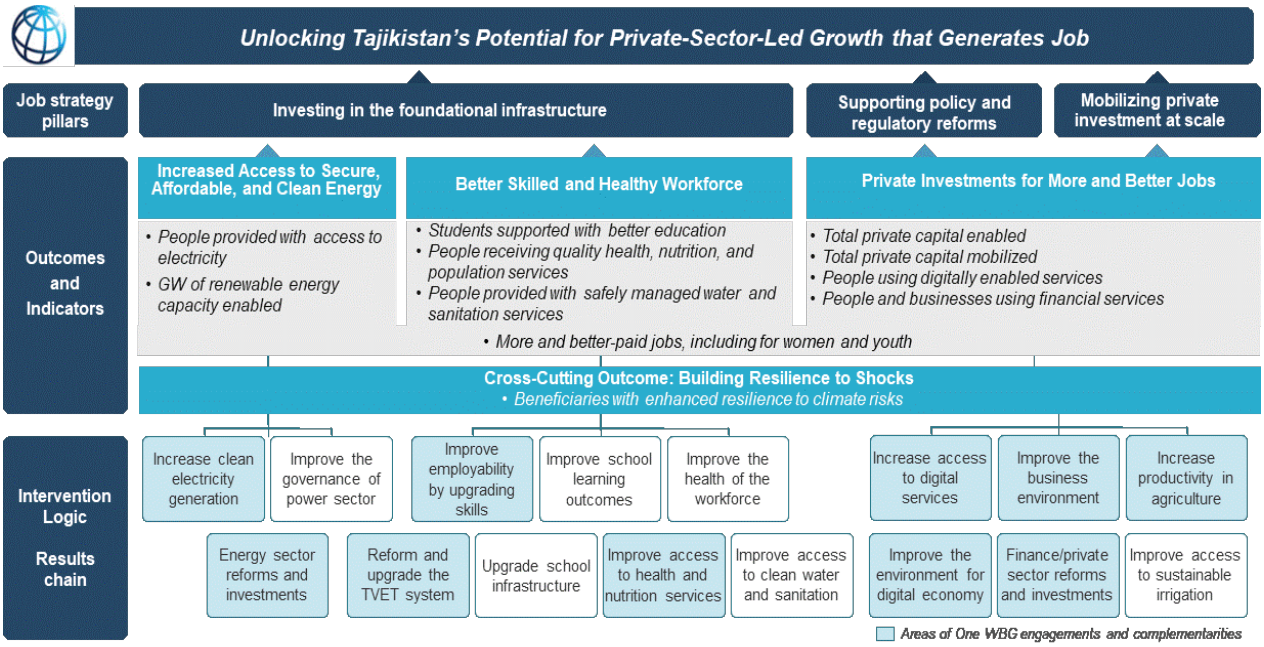
[4] *Streamlined Country Diagnostic (SCD) Update 2024*, and *Country Climate and Development Report 2024*.

transport costs. Also, Tajikistan has much to contribute towards regional integration with its endowments and strategic location: not least its large hydropower potential to export clean electricity, and a geography at the crossroads of Asia and Europe. Investing in its young and growing population by focusing on skills development will also be critical for job creation. Tajikistan continues to lag other middle-income countries in human capital development. Its *Human Capital Index Plus* was 139 in 2025, compared to an average of 225 in middle-income countries of Europe and Central Asia, with low education and employment explaining the largest share of the gap. Finally, scaling-up investment in resilient infrastructure will be essential to adapt to a changing climate, including in water management and climate-smart agriculture to safeguard food security and agricultural productivity.

5. Informed by wide consultations and Government priorities, the CPF prioritizes four Outcomes measured by eleven WBG Scorecard indicators. It will straddle two IDA replenishment cycles and aims for high selectivity and focus on areas with reform momentum. The new CPF will continue to anchor its support to key reforms on a new series of development policy operations (DPOs), grounded on rigorous analytics, provided impactful reforms continue to progress in priority areas like SOE governance, the business environment (e.g., investor protection, competition law and corporate governance), and openness of key sectors to private investment and competition. When reforms progress, investments—IDA, IFC or MIGA—will accompany them. This "invest-where-reforms-advance" approach will be applied to key areas of focus. The selected sectors of the CPF reflect areas where there is current traction.

6. The IDA envelope requires heightened selectivity in the face of mounting financial needs (including the Rogun HPP) as well as focus on the most impactful engagements (whether lending or advisory), that address the country's most pressing challenges: access to energy, a skilled and healthy workforce, and an enabling environment for private investments and jobs (see figure). The following selectivity filters were applied: (1) strong reform momentum and alignment with Government priorities; (2) potential to mobilize private capital (including via joint WBG engagements) as well as to leverage financing from other partners (as for the Rogun HPP, the largest co-financed engagement of the World Bank to date); (3) potential for job creation, particularly for women and youth; (4) strong track record of engagement in the selected sectors, as well as comparative advance of the WBG and established implementation capacity.

Tajikistan CPF: Four Outcomes measured by eleven WBG Scorecard Indicators



OUTCOME 1: INCREASED ACCESS TO SECURE, AFFORDABLE, AND CLEAN ENERGY

7. Rogun HPP is a flagship project that is transformational not just for Tajikistan, but also for the region and beyond. To harness Tajikistan's significant renewable energy potential, the CPF will support the development of a well-governed, financially and environmentally sustainable energy system, that reliably powers the economy and enables green exports. The second phase of this project is the centerpiece of the first half of the CPF, as it will absorb about 50 percent of the IDA21 envelope. By CPF completion, it will deliver substantial domestic and regional welfare gains, enabling between 8 to 10 terawatts-hour per year of clean energy. This will reduce the persistent power shortages during the winter months and ensure uninterrupted access to electricity for Tajikistan's population. The project's implementation, which spans the whole CPF timeframe, will benefit local communities throughout its cycle through a strong Benefit Sharing Program. By providing affordable electricity, it will also address a key constraint to stronger economic growth and job creation in the country—especially if structural constraints to more private sector development are eased in parallel. This ought to have transformative impact on the Tajik economy, provided the fiscal implications of this investment, both in terms of new non-concessional debt commitments and revenue management, are prudently managed to preserve macroeconomic stability. It will also provide significant regional and global public goods and support decarbonization of Central Asia's power grids and the emerging regional electricity market.

8. Policy and institutional reforms will underpin IDA investments in the project, including by enabling public private partnerships (PPPs) in the energy sector, potentially with IFC financing and MIGA guarantees. Complementary investments will continue to support the Nurek HPP as well as rural electrification, while multi-country engagements will help initiate a regional electricity market in Central Asia. Sector reforms that the CPF will support include better power sector governance (including SOE utilities); reducing technical losses and improving financial viability of the sector (cost-reflective tariffs with targeted compensation); enabling mini-grid development and grid readiness for exports by upgrading regional connections; and procurement transparency and a Rogun HPP construction phase that adheres to international standards in dam safety, environmental and social safeguards.

OUTCOME 2: BETTER SKILLED AND HEALTHY WORKFORCE

9. Given the current level of human capital development, it is critical for long term growth, productivity and employability of Tajikistan's population to build a healthier, better skilled workforce. This will in turn raise labor force participation, particularly for women and youth, and eventually reduce household income dependency on migrants' remittances. Key policies and institutional reforms will be pursued as pre-requisites of investments in the sectors that contribute to this outcome. **Foundational learning and skills** policies, institutions and the education workforce will need to be upgraded (e.g. school curricula, teacher quality, technical and vocational education and training (TVET) system reform—including for migrant returnees); **health** system financing, workforce and organization will need to be reformed for better quality, preparedness and resilience to climate and other shocks and pandemics (including primary health care facilities, immunization systems, coverage of non-communicable diseases, gender-sensitive policies and gender-based violence (GBV) prevention, as well as PPP frameworks for reliable and affordable private participation in the sector); and reforms and investments will be supported to improve **access to clean and safely managed water and sanitation services** across the country. The interventions under this outcome are aligned with the WBG's strategies in these sectors, including *Education and Skills*, *Health Works*, the *WBG Gender Strategy,* and *Water Forward*.

OUTCOME 3: PRIVATE INVESTMENTS FOR MORE AND BETTER JOBS

10. To address the low labor force participation and insufficient role of the private sector in the economy, the CPF will aim to accelerate private investment and job creation in various sectors (including in (air) transport (where PPPs will be prioritized), digital, tourism, agriculture irrigation and other services) by supporting business enabling reforms[5] and investing in relevant areas, such as the digital economy (connectivity, digital finance and entrepreneurship, e-commerce, agri-tech solutions and access to digital services), and financial sector deepening (credit infrastructure, secured transactions, micro, small and medium enterprises (MSME) finance and digital). Several policy and institutional pre-conditions should be addressed to achieve impact—some of them potentially supported by DPOs: sound implementation of open competition policies and SOE reforms to level the playing field in critical sectors of the economy; financial sector reforms; targeted digital infrastructure and spectrum policy reforms to expand broadband access; firm-level programs (childcare solutions, skills matching and women entrepreneurship); and fiscal management to maintain a sound macroeconomic framework. With progress in key reforms to enable and mobilize private investment, the potential for IFC investments and mobilization could significantly increase if investors' response to the reforms is strong and policy risks reduced.

11. Increasing productivity and incomes in agriculture, which still employs more than 40 percent of the labor force, will require improving access and efficiency of the irrigation system in face of changes in climate, as well as other agriculture value chain interventions (like access to finance and storage facilities, aggregation of farmers and linkages to agribusiness producers). Financial sector interventions under *AgriConnect* can accelerate value chain development. All these areas of focus call for One WBG interventions where advisory support of IBRD and IFC, as well as IDA/IFC financing and MIGA guarantees can combine to maximize impact and mobilize private capital. The interventions under this outcome are aligned with the WBG's strategies in these sectors, including Digital and AI, the *WBG Gender Strategy* (access to capital), and *AgriConnect.*

CROSS-CUTTING OUTCOME: BUILDING RESILIENCE TO SHOCKS

12. Tajikistan's exposure to climate, geopolitical and economic shocks requires a focus on resilience as a cross-cutting outcome. While the Rogun HPP (Outcome 1) will foster energy independence and reduce exposure to global and regional energy shocks, severe climate vulnerabilities are expected to worsen[6]. The CPF will support reforms and financing to improve inclusive disaster preparedness and climate adaptation, including in agriculture and school and health facilities construction. It will also support strengthening inclusive social protection systems to protect the most vulnerable. The interventions under this outcome are aligned with the WBG's strategies in these sectors, including *Social Protection* and the *WBG Gender Strategy*.

JOBS, GOVERNANCE AND INCLUSION IN SIGHT

13. As indicated in the figure, the four Outcomes of the CPF align with the three pillars of the WBG jobs strategy, and each will contribute to stronger job creation for the Tajik population over different time horizons. By 2028, the Rogun HPP (Outcome 1) will have created more than 30,000 direct and indirect jobs. By improving access to cheap energy (while generating foreign exchange revenues from power exports), it will strengthen a backbone of economic growth and public finances. Over the medium term, reliable access to power will fuel economic activity, industrialization and job creation in various sectors. Outcome 2 focuses on the human capital foundation of job readiness: foundational learning in schools

[5] Potentially including in the mining sector, via upstream advisory support.

[6] *Tajikistan Country Climate and Development Report 2024.*

and the development of a healthy workforce (both with mostly longer-term impacts on employability and labor productivity), as well as building technical and vocational skills—with short term expected impact on access to jobs. Outcome 3 is most directly focused on private investment and job creation over the shorter term, including in sectors like the digital economy, air connectivity, tourism, agriculture value-chains, and finance. A WBG Scorecard indicator will capture the contribution to jobs of all three outcomes.

14. Improving public sector and SOEs management, as well as institutional and transparency reforms, will be embedded across the portfolio. They form pre-requisites to enable private investment, job creation and better service delivery. At the core of the structural policy issues that Tajikistan faces lies poor public sector governance. It affects the effectiveness of public utility companies (including in the power sector—Outcome 1), the capacity to raise revenues to finance much needed social sector investments (Outcome 2), and state capture as well as the uneven and discretionary application of the rules driving business, resulting in an unlevel playing field for competition that mutes private sector dynamism and investment. Supporting governance reforms will be at the core of all CPF engagements.

15. An inclusion and resilience lens will be used to inform the design and implementation of projects. This approach, piloted during the previous CPF cycle, will be applied to address vulnerabilities, particularly of women, disadvantaged groups and remote communities. Engagements that promote economic empowerment of vulnerable groups will be prioritized. On gender, the CPF, informed by the *WBG Gender Strategy*, will prioritize women's entrepreneurship, childcare solutions, skills-matching, access to capital, and GBV prevention. It will systematically collect and report gender-disaggregated data in project supervision and analytics.

16. This CPF could potentially mobilize up to US$1.8 billion of concessional and private resources for Tajikistan if ambitious reforms materialize – under IDA Gap terms.[7] In addition to its IDA21 (FY26-28) PBA allocation (SDR264.4 million), the country may also access additional resources through IDA21's *Global and Regional Opportunities Window* for eligible projects, the *Crisis Response Window* for emergencies, and the *Private Sector Window* to derisk IFC and MIGA investments. Assuming levels of IDA financing comparable to previous years, including similar access to IDA windows for qualifying projects if these remain available, we can expect between US$1 to US$1.2 billion of IDA financing over the course of the seven-year CPF.[8] The potential for investment, mobilization and guarantees by IFC[9] and MIGA[10] could reach up to US$600 million should ambitious reforms to private investment materialize, current risks subside and the country's overall attractiveness to investments improve.

17. Integrated teams across IDA, IFC and MIGA will jointly design programs that use the full range of WBG instruments to mobilize both public finance via IDA, as well as private capital, including in infrastructure (energy, water and irrigation and aviation) and **financial intermediation** (SME and agribusiness finance). Mobilization of private sector investments via PPPs would be a first for airports as well as for the water and irrigation sector. The WBG Guarantee Platform will aim to reduce risk for private

[7] Given its per capita income, Tajikistan will transition in FY27 from IDA grants to IDA credits.

[8] This assumes that the base IDA allocation for Tajikistan for IDA22 and IDA23 remains the same in nominal terms. The upper bound of US$1.2 billion further assumes that access to the IDA windows remains available and to levels comparable to what Tajikistan has been able to access historically, and as a share of the overall IDA21 ECA GROW allocation. These figures are indicative and should be interpreted as orders of magnitude, as actual numbers will depend on global market conditions, eligibility of different operations, future IDA availability and priorities, and similar access to IDA windows—all uncertain and hard to predict.

[9] It is expected that during the CPF period, IFC potential investments could reach up to US$500 million, of which up to US$200 million would be IFC's own account and up to US$300 million would be private capital mobilization (direct and indirect). A large share of private capital mobilization should be the result of investments in PPPs in infrastructure (airports, water and irrigation) in a first instance.

[10] Potential MIGA engagement could amount to US$100 million during the CPF period (assuming PPPs materialize).

sector investments in these sectors while joint teams will prepare comprehensive investments risk analysis and will design DPOs to support reforms. In addition, engagement with ICSID may help align Tajikistan's existing international investment agreements with good international practice and reduce costly investor-state dispute settlements. The Annual Business Planning Exercise will review the program implementation and progress toward achieving the CPF Outcomes and will adjust the country program to take advantage of new opportunities and manage delivery risks.

18. This CPF will sustain and expand partnerships to scale up and maximize impact by aligning strategies and coordinating with key development partners in selected areas (such as ADB, AIIB, EU and EBRD on energy, SDC on digitalization, UNICEF on education, FAO on agriculture and the IMF), to align reforms (especially those facing resistance from vested interests) and avoid duplication. As one of the leading partners in the Development Coordination Council, the WBG will also foster effective partnerships among development partners. In areas where the WBG discontinues direct investments — such as in road construction and urban development — it will seek to leverage partnerships (such as with ADB and AIIB), focusing more on private capital mobilization facilitated by guarantees and supported by fundamental reforms in sector financing and governance to ensure continuity of engagements and progress in these important areas.

19. Strong monitoring and evaluation and data quality is paramount to course-correct during the CPF implementation. The CPF will invest in improving data quality and rigorous impact evaluations to report accurately on outcomes and targets, including WBG Scorecard contributions.

20. The overall risk of the CPF program is assessed as <u>High</u>. First, the Rogun HPP carries its own risks (in particular, environmental and social), as it is a large, complex project. Also, limited transparency, public accountability and centralization of decision-making pose risks to the program. Potentially slow progress in implementing structural reforms and pressure on public finances (including because of loss-making SOEs) contribute to macroeconomic risks. As does the structural exposure to volatile remittance receipts. Procurement risks are high due to complex and long procedures, insufficient technical expertise, and transparency and capacity issues. Finally, fragility risks are rated high as escalating tensions globally, regionally and domestically could lead to instability and increased budget outlays for security spending. Strengthened staff field presence, the selective and focused design of the CPF in a limited number of sectors coupled with strong and coordinated policy dialogue and the recent strong track record in policy reforms supported by DPOs, will help to mitigate these risks. To mitigate procurement and fiduciary risks continued Hands-on Expanded Implementation Support (HEIS) as well as developing capacity building programs (e.g. regional academy models) and strengthening public financial management and transparency will be provided, including via DPO-supported reforms.