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II. Tajikistan CPF – Financing and Implementation Arrangements

A. Financial Envelope

CPF will be delivered through a One WBG approach (IDA, IFC, and MIGA), with Annual Business Planning Exercise to maintain selectivity and adapt to evolving priorities. The WBG will combine policy dialogue and DPOs with investments and guarantees to lift binding constraints, notably energy insecurity, a constrained business environment, and human capital gaps, while mainstreaming resilience, inclusion, and governance across the portfolio. The WBG will continue monitoring fragility, conflict, and violence (FCV) risks through the Integrated Resilience Lens (IRL), integrating mitigation measures in project design and implementation and drawing on the World Bank's Crisis Response Toolkit, including the Rapid Response Option, as needed.

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.[1] 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.[2] The potential for investment, mobilization and guarantees by IFC[3] and MIGA[4] 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.

This programmatic approach is aligned with the IDA21 policy commitments by pairing scaled investments with policy actions that strengthen macro-fiscal and debt sustainability, improve governance and transparency, and deepen reforms that enable private-sector-led growth. The CPF's emphasis on resilience and crisis preparedness, climate-informed investments, and stronger citizen engagement and accountability mechanisms also supports IDA21's focus on helping countries manage shocks, improve service delivery, and expand inclusion—particularly for women, youth, and vulnerable groups—while leveraging IDA resources and the WBG Guarantee Platform to mobilize additional financing.

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

[2] 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.

[3] 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.

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

Table 1. Ongoing World Bank projects' Implementation Timeline in the First Half of the CPF

Global Practices	Projects	FY26	FY27	FY28	FY29
Governance	1. Tax Reform Operation Project				
Finance, Competitiveness and Innovation	2. Financial and Private Sector Development Project				
Macroeconomics, Trade and Investments	3. First Competitive and Inclusive Tajikistan DPO				
Social Protection	4. Socio-Economic Resilience Strengthening Project 5. Social Protection Modernization and Economic Inclusion Project				
Digital Development	6. Tajikistan Digital Foundations Project				
Poverty and Equity	7. Modernizing National Statistical System Project				
Education	8. Early Childhood Development Project 9. Learning Environment - Foundation of Quality Education Project				
Health, Nutrition and Population	10. Milati Solim Project				
Energy and Extractives	11. Nurek HPP Project- Phase 1 12. Nurek HPP Project- Phase 2 13. Sustainable Financing for Rogun HPP Project 14. Tajikistan Rural Electrification Project 15. Technical Assistance for Financing Framework for Rogun HPP Project 16. Regional Electricity Market Interconnectivity and Trade Project 17. Program for Recovery of the Electricity Sector in Tajikistan				
Water	18. Strengthening Water Irrigation and Management Project 19. Rural Water Supply and Sanitation Project 20. Water Supply and Sanitation Investment Project				
Transport	21. Central Asia Regional Links - Phase 4				
Environment and Natural Resources	22. Resilient Landscape Restoration Project for Tajikistan				
Agriculture and Food	23. One Health for Pandemic Prevention, Food Systems Resilience, and Ecosystem Health in Central Asia 24. Strengthening Resilience of Agriculture Sector Project				
Urban, Resilience and Land	25. Preparedness and Resilience to Disasters Project				

B. WBG Knowledge, Gender and Capacity Building

The Knowledge Bank will play a central role in informing and sustaining CPF implementation in Tajikistan. It will continue to underpin investment operations across all CPF Outcomes, while also informing the DPO program, supporting the fragility and FCV prevention agenda through tools such as the Tajikistan Inclusion and Resilience Lens, and facilitating south-south knowledge exchanges to draw on global best practice relevant to Tajikistan's development challenges. The WBG will disseminate knowledge generated from diagnostics such as the Poverty and Equity Assessment, the Country Climate and Development Report, the Country Growth and Jobs Report, and the Gender Assessment.

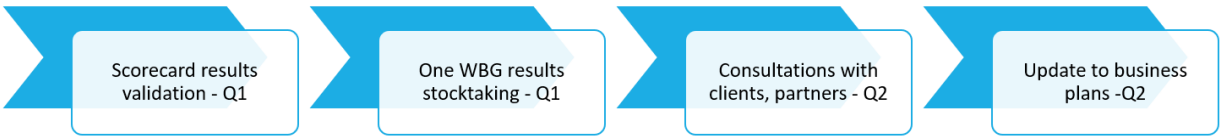
Tajikistan is one of the 'fast-track' countries for the implementation of the *WBG Gender Strategy 2024-2030*. A gender platform will be established to enhance existing gender work, operationalize and take actions on gender, and provide a mechanism to highlight portfolio-wide results. One of its main functions will be to leverage and coordinate the work of different sectors through deep involvement of sectoral teams. The gender platform will support three pillars: (i) providing operational support to WBG task teams; (ii) providing analytics and knowledge dissemination; and (iii) assisting policy dialogue and capacity building.

IDA's investments will be accompanied by technical support to country systems and capacity building. Despite progress in public financial management and accountability, challenges persist, including weak internal controls and low capacity. Capacity building efforts, including cooperation under the Project Implementation Academy and ongoing collaboration with Tajikistan academic institutions will be expanded alongside targeted training to meet short-term project implementation needs. The government is adopting measures to strengthen procurement laws. The WBG will support outreach to the private sector to help local companies, especially women-led ones, compete effectively. Scaling up Hands-on Expanded Implementation Support (HEIS) will address portfolio-wide challenges, with the WBG taking earlier corrective actions, including assertive use of Mid-Term Reviews for mid-course corrections. The use of innovative tools and enhanced monitoring and supervision systems will be utilized to improve real-time monitoring, remote supervision, and stakeholder engagement. Training on GBV and environmental and social safeguards will further strengthen the government's capacity for risk management.

C. *Annual Business Planning Exercise*

The CPF design includes an Annual Business Planning Exercise to support necessary adjustments and selectivity principles. This process will facilitate collaboration among the One WBG country team, enhancing alignment of WBG support with Tajikistan's evolving development priorities, applying the "if-then" approach for investment decisions, and providing comprehensive risk analysis for investment decisions.

Figure 1. Annual Business Planning Exercise



D. *Partners active in CPF Outcome/Indicators*

The WBG is the largest contributor to donor financing in Tajikistan, accounting for 38 percent of international donor contributions in 2024. As one of the leading entities in the Development Coordination Council (DCC) in Tajikistan, the WBG fosters effective partnerships among development partners. The WBG collaborates with the IMF under its non-financing policy coordination instrument (PCI) to strengthen the government's macroeconomic policy framework. Collaborations with donors, such as ADB, AIIB, EBRD, EU, UNICEF and FAO to improve energy security, water management, educational access and agricultural productivity among others. Collaboration with SDC advances digital transformation and others with FCDO facilitate start up ecosystem or support resilience and inclusion among others. These partnerships collectively support Tajikistan's development contributing to economic growth, poverty reduction, and improved quality of life. Table 2 presents proposed WBG interventions and engagement with partners.

Table 2. Proposed WBG Engagement Areas and Partnerships

CPF Outcome	Sector/Engagement Area	World Bank Group Engagement
Building Resilience to Shocks	Disaster Risk Management	IDA investments; WBG instruments; partnerships (ADB)
	Environmental Protection	Trust Funds; partnerships (UNDP, GIZ)
	Urban Development	Trust Funds; partnerships (ADB, AIIB)
Increased Access to Secure, Affordable, and Clean Energy	Energy & Renewables	IDA investments; WBG instruments; partnerships (ADB)
Better Skilled and Healthy Workforce	Education	IDA investments; partnerships (UNICEF, GIZ)
	Health	IDA investments; partnerships (WHO)
	Social Protection	IDA investments; partnerships (ADB)
	Water & Sanitation	IDA investments; partnerships (ADB, AIIB)
Private Investments for More and Better Jobs	Agriculture	IDA investments; partnerships (ADB, FAO)
	Tax and PFM	IDA investments; partnerships (EU, SECO)
	Digital	IDA investments; partnerships (EU, SECO)
	Transport	Trust Funds; partnerships (ADB, AIIB, JICA)
	Structural Adjustment	IDA investments; partnerships (IMF)

E. *Risks to CPF Implementation and Mitigation*

The overall risk to achieving the outcomes of the CPF program is assessed as High (see Table 3). Five of the nine risk categories using the World Bank's Systematic Operations Risk-Rating Tool (SORT) are rated High, one is rated Substantial, and three are Moderate. The approach to risk mitigation will be tailored to the respective activities and coordinated among WBG institutions. Collaboration with partner agencies is critical and will also be leveraged to mitigate risks jointly.

Table 3. Risks to the FY26–32 WBG CPF for Tajikistan

Area	Description	Risk Rating
Political and Governance	Limited institutional transparency, public accountability, and high centralization of decision-making pose high risks to the program. Citizen participation is limited, hampering the effectiveness of service delivery and equitable public resource allocation. The World Bank aims to mitigate these risks through earlier engagement of citizens in the project design stage, including women and vulnerable groups. Surveys such as L2T and building capacity for voice in Community Driven Development will complement this approach, in addition to providing targeted support, capacity building and training on citizen engagement to WBG task teams, project implementing agencies, and government counterparts.	**High**
Macroeconomic	On the domestic front, slow progress in implementing structural reforms to support private sector-led growth and efficient public services could hamper growth prospects. Risks are rated high and stem from (a) a weak business and poor governance environment unattractive for Foreign Direct Investments, private investments, innovation, and job creation; (b) high risk of debt distress; (c) fiscal risks as Rogun-related expenditure commitments leave fiscal performance vulnerable to revenue shocks; (d) contingent liabilities from the SOE sector; and (e) a high level of dependence on remittances. These risks are being mitigated through strengthened policy dialogue with the Government of Tajikistan and cooperation with the IMF and with other partners.	**High**
Sector Strategies and Policies		**Moderate**
Technical Design		**Moderate**
Institutional Capacity for Implementation and Sustainability	Institutional capacity for implementation risks are high due to insufficient technical expertise and staffing issues. Several capacity building initiatives and the PIU Academy should help to mitigate these risks.	**High**
Fiduciary	Procurement risks are high due to complex and long internal review and approval procedures, insufficient technical expertise for developing better quality documents and integrity and staffing issues. The HEIS and PIU Academy and its focus on fiduciary and integrity risks should help mitigate these risks.	**High**
Environment and Social	Climate change and natural disasters could further impede economic development and stability posing substantial risk. Climate change is expected to adversely affect the agricultural sector in terms of jobs lost. Land degradation poses risks for pasture lands, intensifying the impact of climate-induced disasters and altering the health of key watersheds. The Vaksh River flows are expected to increase within the next several decades. More immediately, the planned Rogun HPP construction and associated impacts on the biophysical and the cultural and social environment underline the substantial risk rating. Risks are being mitigated through updated environmental and social instruments (Resettlement Policy Framework, Resettlement Action Plan, and Livelihood Restoration Plan; Labor Management Procedures; and Stakeholder Engagement Plan). In addition, Tajikistan can access the Crisis Preparedness and Response Tool Kit to help it better respond to crises and prepare for future shocks. Benefit sharing can also help mitigate risk.	**Substantial**
Stakeholders		**Moderate**
Other (Conflict and Fragility Risks)	Other risks (conflict and fragility risks). Risks from conflict and fragility are rated High as escalating regional tensions could lead to increased budget outlays for security spending and social assistance to displaced people. Russia's stricter migration policies could negatively affect labor outmigration and remittance flows. The current conflict in the Middle East could lead to increased inflation due to disruption of import flows from Bar Abbas port and limited food exports from Iran. The WBG will continue its efforts to address root causes of domestic FCV risks through domestic and regional projects, and Inclusion and Resilience Lens implementation for the entire portfolio.	**High**
Overall		**High**

The WBG will continue to use citizen engagement (CE) and beneficiary feedback as practical tools to strengthen transparency, accountability, and the effectiveness of investments. CE will operate as a low-risk, context-appropriate approach to mitigate governance and fragility risks, improve service delivery, and build trust between citizens and the state. In parallel, the ESF Gap Analysis highlights some shortcomings in national stakeholder engagement systems that influence CPF implementation. National procedures do not require substantial consultations with project-affected people on resettlement options or compensation, nor do they require identification of vulnerable groups or assessment of disproportionate impacts, resulting in limited inclusion and uneven access to project benefits. Weak enforcement further constrains meaningful engagement.

To address the above-referenced gaps, the CPF will support strengthening agency capacities in vulnerability identification, participatory planning, proactive information disclosure, and accessible grievance redress mechanisms (GRMs). Developing practical guidelines for consultations, standardized disclosure practices, and transparent, user-friendly GRMs will help align national systems with international standards. Targeted capacity-building will be essential for achieving ESF-consistent stakeholder engagement. Within this framework, CE mechanisms including community-based committees, participatory monitoring, and tailored feedback tools will ensure that planning and implementation processes remain responsive to community priorities, including those of women, youth, and vulnerable groups, and that communities can safely and credibly participate in monitoring development results.