

## I. INTRODUCTION

1. **This Country Partnership Strategy (CPS) presents the World Bank Group's (WBG's) strategy for Tajikistan during the period FY10-13.** The CPS is anchored in the government's own national development priorities as expressed in the National Development Strategy (NDS) and Third Poverty Reduction Strategy (PRS III). To increase the effectiveness of the Bank Group program in ensuring sustainable growth and poverty alleviation through fostering private sector growth, the CPS has been prepared jointly by the World Bank (WB) and International Finance Corporation (IFC). The strategy has also benefited from the Bank Group's participation in the ongoing development of a Joint Country Partnership Strategy (JCPS) for coordinated donor support to Tajikistan. It was originally proposed that the CPS would be prepared jointly with several other donors, but after an initial draft and subsequent consultation, JCPS partners decided to focus first on the development of an aid coordination strategy, completed in October 2009. The Bank will work with these partners to align the CPS with the PRS III within the JCPS framework.

2. **The focus of the proposed CPS builds on the lessons learned in implementing the Bank's previous CPS for FY06-09 (Annex 2).** The objectives of the CPS are two-fold: (i) *reducing the negative impact of the crisis on poverty and vulnerability*; and (ii) *paving the way for post-crisis recovery and sustained development*. These two objectives have a common purpose in meeting short-term challenges and supporting a governance agenda to help build credibility and capacity for achieving medium to long term economic growth. Efforts to improve core governance will be mainstreamed across the CPS program in the context of Tajikistan's Country Governance and Anti Corruption (CGAC) strategy (Annex 4). Progress toward expected CPS outcomes will be monitored through a realistic, measurable results framework (Annex 1), and outer-year programming will be defined through a mid-stream CPS Progress Report (CPS PR) in order to maintain program flexibility in an uncertain environment.

## II. COUNTRY CONTEXT

### A. Geography, Population and Politics

3. **Tajikistan is small, land-locked, and 93 percent mountainous, making it one of the least accessible countries in the world.** It is situated 2,000 km away from the nearest port, and high mountains separate it from the Kyrgyz Republic in the northeast, China in the east, and Uzbekistan in the west and north. Its 1,400 km-long southern border is shared with Afghanistan, and the country is separated from Pakistan in the south by the narrow Wakhan corridor. Tajikistan's remoteness, existence of regional physical barriers together with deteriorating Soviet-style transport infrastructure networks and weak governance and regulatory policy frameworks, poses significant barriers to international trade, connectivity and investment.

4. **Tajikistan is vulnerable to natural disasters, external economic conditions and is the poorest country in the Europe and Central Asia (ECA) region.** It is regularly affected by natural disasters such as floods, mudflows, landslides, avalanches, earthquakes, droughts and epidemics due to its geography, topography and climate. Heavy rains in the Spring 2009 claimed