
TURKMENISTAN

Multi-annual Indicative Programme 2021-2027

1. The overall lines of the EU international cooperation in the partner country

1.1. Basis for programming

The basis for programming in Turkmenistan is the “National Development Programme of the President of Turkmenistan for Social and Economic Development for the period 2019-2025” (NDP, adopted in February 2019). This seven-year action plan aims to achieve sustainable development in the country and links government goals and targets with the relevant Sustainable Development Goals (SDGs). As the document has limited coverage of climate-related issues, the Climate Change Strategy adopted in 2019 serves as a supplement.

The NDP is focused on market reforms, economic diversification and on improving the country’s human capital. It calls for accelerated structural reforms and transition towards a market economy, including large-scale privatisation of state property. Although the country has largely announced a privatisation programme, it is still unclear, given the very limited access to available data, how this process is being rolled-out. The country remains heavily dependent on hydrocarbons whose drop in prices in the context of the COVID-19 pandemic critically damaged the national economy.

One of the NDP’s key features is the focus on digital economy to ensure long-term economic growth and high productivity. It includes a special chapter devoted to SDG implementation in the country that describes the institutional mechanisms, progress achieved so far and priorities for cooperation with the United Nations.

The 2019 Climate Change Strategy is a substantially revised version of the previous one, which dated back to 2012, and reflects the country’s ratification of the Paris Agreement and commitment to SDGs. However, apart from general statements and declarations of intents, little has been done so far to ensure a proper green transition of the economy and a concrete action plan on emissions limitation is still missing.

While Turkmenistan officially stated that it had no registered cases of COVID-19 in May 2020 and still did not declare none more than a year after that statement, the country approved a COVID-19 Preparedness and Response Plan and is showing willingness to cooperate with the EU within the Central Asia COVID-19 Crisis Response Programme implemented by the World Health Organisation.

In general, the National Development documents respond well to Turkmenistan’s and the region’s development challenges and are aligned with some aspects of the EU Strategy on Central Asia of 2019¹ and the Strategy on Connecting Europe and Asia of 2018².

In particular, the national documents are aligned with important EU priorities like green transition, digital economy, economic diversification and growth, human capital development. Working in the areas prioritised in this MIP would pave the way for increased economic cooperation with Turkmenistan in the future, including creating better conditions for foreign direct investment, developing trade relations and a market for the transfer of modern, green European technologies necessary to effectively address the effects of climate change. It would

¹ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL The EU and Central Asia: New Opportunities for a Stronger Partnership - JOIN/2019/9 final of 15.5.2019

² JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Connecting Europe and Asia - Building blocks for an EU Strategy - JOIN/2018/31 final of 19.9.2018.

also have an impact on the development of entrepreneurship and skilled workforce, inclusive of women, the population of rural areas and youth, in line with EU principle of leaving no one behind. The areas of intervention proposed in the MIP constitute necessary building blocks of a successful post-COVID-19 recovery in the country.

However, serious concerns remain in the country regarding the overall human rights situation, which deteriorated following the outbreak of the COVID-19 pandemic and the subsequent socio-economic downturn, which has affected the whole country. The conditions of vulnerable groups worsened, such as for those working in sectors affected by the pandemic, women working in the informal sector, children and youth, the elderly, people with disabilities, migrants and their families. Small businesses have been hit very badly, as have state-sector jobs in transportation, where employees have been furloughed. Away from the capital, those who have lost their jobs and have not been able to travel anywhere to find new ones have also suffered.

The country's political stance on human rights does not match with that of the EU or international human rights law and standards. However, the EU will continue its engagement to achieve a more open, concrete and focused political dialogue with Turkmenistan, including on issues of human rights, good governance and rule of law. The EU will promote its long-term interests in supporting Turkmenistan's re-engagement with the outside world, while supporting its more sustainable, inclusive and democratic development, with special focus on vulnerable groups to leave no one behind.

Keeping in mind that the public administration has very limited capacity, the EU can still pursue cooperation in a limited number of priority sectors. The guiding principles of the EU intervention will be: (1) 'build back better'³ to recover from the crisis generated by the COVID-19 pandemic, and address poverty and inequalities by improving the living conditions of the population. A more equal and inclusive social and economic environment will be pursued, while supporting Turkmenistan's commitment to the Paris Agreement; (2) 'do no harm'⁴, in particular in relation to support for the improvement of the business climate, with a specific focus on micro-, small and medium enterprises (MSMEs), and the diversification of the economy. Particular attention will be paid to ensuring that small-holders and those engaged in agriculture benefit from relevant privatisation activities to make sure that they are not adversely affected by activities aimed at larger operators. Respect for fundamental rights and principles at work will also be promoted. Against the background of climate change, disaster preparedness is gaining importance in order to increase resilience of the population. Some actions could also address the impact of developments in Afghanistan on Turkmenistan being a direct neighbor. The actions may in particular address possible spillover effects of a potential crisis in Afghanistan in the field of migration and security.

Complementarity will be ensured with programmes developed and implemented under the Regional Multi-annual Indicative Programme for Asia and the Pacific 2021-2027.

1.2. Status of joint programming

EU Member States do not have any significant bilateral cooperation programmes in the country. The consultations held by the EU Delegation with Member States representatives in the programming phase were however important elements in an enhanced Team Europe approach

³ [2021 G7 Leaders' communiqué: Our shared agenda for global action to build back better - Consilium \(europa.eu\)](https://www.consilium.europa.eu/en/press/press-releases/2020/07/23/g7-leaders-statement/)

⁴ REGULATION (EU) 2021/947 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009

coordination effort.

Representatives of the EU Member States present in the country (France, Germany, Italy and Romania) as well as national authorities, International Financial institutions (the EBRD, the Asian Development Bank (ADB) and the World Bank) and representatives of the European private sector, were consulted in the course of 2019. Consultations on the draft MIP 2021-2027 with Member State and Civil Society Organisations' representatives as well as the UN Resident Coordinator, UNDP and EBRD have also taken place in January and February 2021.

2. Cooperation Facility

The Cooperation Facility reflects the upper-middle income country status of Turkmenistan. It may include:

- support for capacity development and institution building, including through technical assistance and exchange of public expertise, such as TAIEX and Twinning;
- support for policy dialogues: events, conferences, studies, fellowships, exchange platforms to support sector dialogues leading to policy reforms and engagement of business and experts with governments and other stakeholders;
- support to facilitate Joint Programming/Team Europe approach coordination at country level;
- actions to support the participation of the country in EU programmes and cooperation with EU agencies, where relevant;
- financing communication including strategic communication, fight against disinformation, visibility actions on EU cooperation, and public, including cultural, diplomacy specific interventions to promote EU policies as well as its multilateral agenda in Turkmenistan; support to the preparation, implementation and evaluation of the Union's cooperation, including via technical assistance;
- increasing technical and statistical capacity to enhance data quality, availability and analysis to strengthen evidence-based policy making.
- Actions to flank measures in the event of spill over effects from a potential crisis in Afghanistan in the field of migration and security.

The intervention focuses mainly on two sectors where the EU support will have the potential for achieving a transformational impact. The areas identified are: (i) **green aspects of the economy** and; (ii) **improving the business climate** with a focus on agriculture/rural development and support to trade development. Moreover, funds may be used to flank measures in the event of spill over effects from a potential crisis in Afghanistan in the field of migration and security.

Emphasis will be put on Micro-, Small and Medium-Sized Enterprises (MSMEs) with a particular focus on women- and youth-led enterprises. The improvement of the business climate in other sectors of the economy, particularly affected by the COVID-19 pandemic, will be supported as well.

The action will build on the country's national strategies and commitments to the Paris Agreement and the WTO accession strategy, assuming that the latter is officially launched in the meantime. Currently, Turkmenistan foresees a sequence of five years of preparation and five years of implementation leading to WTO accession In line with the principles of the European

Green Deal⁵, the objective will be to support the creation of a greener, more sustainable, more inclusive and more investment friendly business environment, which will contribute to the diversification of the economy. The ambition is to support the development of a circular economy that can strengthen Turkmenistan's future competitiveness in regional and global value chains, and its trade with the EU. This will ultimately improve the living conditions of the population and ensure a more equal and inclusive socio-economic growth. The priority areas and proposed actions are complemented by the openness of the EU's Framework Programme for Research and Innovation, Horizon Europe, according to which entities from Turkmenistan can participate in most parts of Horizon Europe and can be funded by the Union for their participation in it.

The two priorities of this multi-annual indicative programme will be to support green aspects of the economy and to improve the business climate, in particular with regard to agricultural/rural and to trade development. The objectives will be in both cases to achieve the best possible transformational impact. Results expected under the first priority include a more frequent use of modern, green technologies that address in particular the effects of climate change. Under the second priority results expected are improvements in the investment climate, in particular a reduction of corruption and fair and transparent competition. Particular focus will be placed on support to women- and youth-led MSMEs. The specific indicators will be developed in subsequent action programmes.

Overall, the proposed approach will focus on the support of business integrity and progress towards the elimination of corruption, lack of transparency and fair competition and on sustainable investment practices in line with social and environmental responsibility standards.

Private sector development is a priority area in the NDP to diversify the economy, which is still heavily dependent on the (state) hydro-carbon sector and derived industries. Several actions aimed at private sector development are identified in the NDP, and the country has already taken some steps to strengthen the sector.

Private sector and rural development can further promote women and youth empowerment and entrepreneurship, ensuring their better access to labour markets, finances and knowhow. This would complement the EU's human rights policy in the country, contributing to the implementation of the EU Human Rights and Democracy Action Plan⁶ and of the Gender Action Plan III⁷.

Private sector and rural development are also key drivers of trade. The country obtained the status of observer of the WTO in July 2020 and is therefore in need of assistance to prepare for WTO accession, including on activities linked to trade facilitation, elimination of physical and non-physical barriers to trade, improvement of border management, e-commerce, alignment with international regulatory practices and standards, etc. The action should build on the results achieved and partially carried out within ongoing regional programmes.

An improved business climate through a better developed, greener and more inclusive private

⁵ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The European Green Deal - COM/2019/640 final of 11.12.2019

⁶ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL EU Action Plan on Human Rights and Democracy 2020-2024 - JOIN/2020/5 final of 25.3.2020

⁷ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL - EU GENDER ACTION PLAN (GAP) III –AN AMBITIOUS AGENDA FOR GENDER EQUALITY AND WOMEN'S EMPOWERMENT IN EU EXTERNAL ACTION – JOIN(2020)17 final of 25.11.2020

sector, and in line with the ILO Decent Work Agenda and the UN “Guiding principles on Business and Human rights”, can foster growth and decent job creation. This is especially relevant for remote, rural regions, which generate the vast majority of the country’s unemployed and semi-employed. In this respect, the development of a modern climate-smart agro-business sector, in line with the Farm to Fork policy⁸ and its support to integrated and inclusive sustainable agri-food systems, could be part of the solution and generally beneficial for the post-pandemic economic recovery.

Given the poor human rights situation in Turkmenistan, all actions will be accompanied by continuous monitoring of the principles of a rights-based approach. Progress on the following human rights related developments in the country will be closely monitored: (1) establishment of partnerships with the Office of the Ombudsperson; (2) new national action plans on gender equality and youth; (3) reengagement on juvenile justice; (4) engagement to the extent possible on migration related issues. The “do no harm” principle will apply, implying that non-engagement with the government may in some cases be the preferred option.

3. Financial overview

Cooperation Facility	100%	EUR 18 million
TOTAL for 2021-2027	100%	EUR 18 million

⁸ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system – COM(2020)381 final of 20.5.2020

Annex: Donor matrix

ODA: Total Net							
1 : Part I - Developing Countries							
Constant Prices							
US Dollar, Millions, 2019							
		2014	2015	2016	2017	2018	2019
Donor	i						
Official Donors, Total		29.97	23.19	32.62	28.47	19.94	25.15
DAC Countries, Total		10.48	6.83	5.02	5.54	5.79	11.51
Austria		0.02	0.06	0.08	0.15	0.15	0.16
Belgium		..	..	..	..	..	..
Canada		0.16	0.02	..	..	..	0.05
Czech Republic		..	0.01	0.02	..	..	..
Denmark		..	..	..	..	..	..
Finland		..	0.12	..	..	0.01	..
France		0.26	0.27	0.18	0.24	0.68	0.64
Germany		1.45	1.12	1.34	1.3	1.55	1.58
Greece		..	..	..	..	..	..
Hungary		..	0.03	0	0	0.05	0.22
Italy		0.06	0	0	..	0.07	0.01
Japan		-1.59	-1.44	-1.51	-0.02	-1.46	-0.48
Korea		0.03	0.3	0.14	0.4	1.24	3.97
<u>Luxembourg</u>		..	..	..	..	..	..
Norway		-0.06	..	..	-0.01	..	-0.02
Poland		0.08	0.08	0.06	0.07	0.05	0.18
Portugal		..	..	..	..	..	0
Spain		0.02	..	..	0.06	0.01	0.01
Sweden		..	0	..	..	..	..
Switzerland		..	0.03	0.02	..	..	..
United Kingdom		0.51	0.64	0.11	0.3	0.37	0.78
United States		9.55	5.6	4.56	3.05	3.08	4.41
Multilaterals, Total		10.93	12.41	15.5	11.91	13.06	10.6
EU Institutions		4.08	4.89	8.5	3.87	6.09	4.06
Regional Development Banks, Total		-1.1	-0.93	-0.39	-0.8	-0.74	-0.47
Asian Development Bank, Total		..	..	0.02	0.1	0.18	0.21
Asian Development Bank [AsDB]		..	..	0.02	0.1	0.18	0.21
<u>Islamic Development Bank [IsDB]</u>		-1.1	-0.93	-0.4	-0.9	-0.92	-0.68
United Nations, Total		2.43	3.16	3.05	2.14	2.25	2.31
International Labour Organisation [ILO]		..	..	0.01	..	0	0.03
<u>UNAIDS</u>		..	..	..	..	..	..
UNDP		0.69	0.59	0.44	0.39	0.16	0.16
<u>UNFPA</u>		0.69	0.66	0.48	0.47	0.51	0.74
<u>UNHCR</u>		..	0.35	0.14	..	..	..
<u>UNICEF</u>		0.85	1.19	1.14	0.98	0.81	1.14
<u>World Health Organisation [WHO]</u>		0.19	0.37	0.84	0.3	0.76	0.23
Other Multilateral, Total		5.52	5.3	4.34	6.71	5.45	4.7
Adaptation Fund		..	..	0.7	..	..	..

<u>Global Environment Facility [GEF]</u>		1.69	1.8	1.43	3.15	2.52	0.61
Global Fund		2.92	2.63	1.33	2.33	1.78	2.25
OPEC Fund for International Development [OPEC Fund]		-0.7	-0.78	-0.78	-0.5	-0.59	0.33
<u>OSCE</u>		1.6	1.64	1.66	1.73	1.74	1.51
Non-DAC Countries, Total		8.57	3.94	12.1	11.02	1.09	3.04
Croatia		0	..	0.01
<u>Israel</u>		0.17	0.19	..	0.03	0.18	0.03
<u>Kuwait</u>	
Latvia		..	0.01	0.01
Lithuania		0
<u>Qatar</u>		0.02
Romania		0.31	0.33	0.24	0.31	0.39	0.47
<u>Russia</u>		..	0.81	0.06	..	0.43	0.16
Thailand		0
<u>Turkey</u>		7.81	2.43	3.82	1.95	0.73	1.23
<u>United Arab Emirates</u>		0.27	0.86	8.68	9.42	..	1.77
G7 Countries, Total		10.4	6.21	4.69	4.87	4.27	6.99
Canada		0.16	0.02	0.05
France		0.26	0.27	0.18	0.24	0.68	0.64
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<u>DAC EU Members + EC, Total</u>		6.48	7.21	10.31	5.99	9.02	7.64
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Portugal		0
Spain		0.02	0.06	0.01	0.01
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Data extracted on 20 Sep 2021 15:10 UTC (GMT) from OECD.Stat