

**USAID/Turkmenistan**

**Annual Report**

**FY 2005**

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## Turkmenistan

### Performance:

BACKGROUND: Turkmenistan showed no signs of improvement over previous years in the economic and democratic reform environment during 2004, although the working environment for donors improved noticeably during the latter part of the year. President Niyazov's regime continued to maintain its omnipresent grip. After an armed attack on the President's motorcade in November 2002, the regime implemented numerous policies, both formal and informal, to control the lives of the people of Turkmenistan. Civil society groups continue to face almost impossible registration rules. Only two truly non-governmental public associations have been able to register over the past year. Surprisingly, restrictions on receipt of foreign grants by NGOs have not been as restrictive as once thought. Even though NGOs have been able to advocate for small-scale change at the local level, civic action remains risky. Registered NGOs are aggressively monitored by local security operatives. This is beneficial in some ways as security bodies understand the important work NGOs are undertaking for their communities. It is appalling in other ways as control and aggression keeps civil society advocates on constant pins and needles. The decline of the education system, which reduced mandatory schooling from 11 to nine years, has left parents enraged about what the future holds for their children. A puppet judiciary follows the will of the President and is unprepared to protect civil and commercial rights. The Government controls all media except the mushrooming satellite dishes on the outside of apartments and houses, and the Internet continues to be Government provided and monitored. Freedom House ratings remained at the bottom on every dimension (the worst in Central Asia): electoral process (7); civil society (7); independent media (7); governance (7); and constitutional, legislative, and judicial framework (7). [Note: 7 is the worst score on a scale from 1 to 7].

The previous indications of political instability, including the attempt to forcefully remove President Niyazov from power and the country's first reported large-scale protests, have all but disappeared. The external opposition has attempted to join forces under a common platform to remove the President, but they remain fragmented and contemporarily unaware. We see no internal signs of political rebellion by the population. There is individual displeasure with the regime, especially the cult of personality and the forcing of his "holy" book, Ruhnama, and its recently released sequel Ruhnama II, on every aspect of society; but, in the end, the Turkmen people appear to be cowered into submission, assisted by the incredible levels of state subsidies they receive. A liter of gasoline, for example, costs the equivalent of \$0.02. Unemployment is high, which exacerbates youth turning to increased drug use. Private sector growth continues to lag. Over the year, no progress was made to stimulate change in the economy. Due to the lack of transparency and the Government's unwillingness to share information, accurate numbers on Turkmenistan's per capita GDP and poverty are not available. The World Bank and International Monetary Fund estimate that 58% of the population lives below the poverty line and GDP per capita income is \$649. Although small enterprises report that they are able to work with little impediment (other than lack of currency conversion), they are unable to expand and offer greater employment opportunities. In contrast to official government statistics, international organizations estimate unemployment at about 50%, especially among the growing young adult population. One sector where the Government has demonstrated promise for reform is in health, though the situation remains poor. According to the results of the 2000 Turkmenistan Demographic and Health Survey, Turkmenistan has the second highest infant mortality rate in Central Asia after Tajikistan, with 74 deaths per every 1,000 live births and an under five mortality of 94.3. The same survey found that 47% of women and 36% of children are anemic. The tuberculosis (TB) situation in Turkmenistan is serious. Since 1995, the rate of TB reported cases has increased by 61% (from 43.3 per 100,000 population in 1995, to 114.2 in 2001), and the mortality rate has nearly doubled (from 13 deaths per 100,000 population in 1995, to 22.9 in 2001). Even these figures underestimate the true magnitude of TB infection, as government statistics are unreliable.

The beneficiaries of USG assistance continue to be the future generation of leaders. We define leaders broadly to include political, economic, academic, local, and national. Our program invests in building the capacity and giving the necessary skills to these risk takers. While the repressive regime continues, it is our beneficiaries that are playing an important role in keeping civil society functioning with a healthy vision for the future, ensuring that we will be agile when change comes. This interaction often comes at a price. The Government is hard on our interlocutors, but the people with whom we work want to continue to press forward, learn, and develop. In the end, they want a better, more prosperous and, most importantly, democratic Turkmenistan. Although this cannot be promised in the immediate future, the USG is well positioned, with its human capital development focus, for the dawning of a new era in Turkmenistan.

**U.S. INTERESTS AND GOALS:** The U.S. national interest in Turkmenistan is substantial. Turkmenistan is situated in a neighborhood in flux. Our involvement keeps rogue elements from gaining a foothold. Turkmenistan has been supportive of the war on terror and particularly important to our campaign in Afghanistan. Refueling and overflight rights for the U.S. military have been maintained. Although many may consider Turkmenistan a failing state, disengaging would only solidify that and abandoning the people would nullify our credibility as leaders of democratic change, providers of security, and proponents of economic liberalization. Political will is lacking in Turkmenistan, but the quality of our relationship with the people of Turkmenistan is excellent. Reducing or eliminating our assistance now would cede the field to other interests that may promote a weak and destabilized Turkmenistan. Turkmen borders are porous and offer easy routes for the trafficking of drugs and people. Turkmenistan also has some of the largest natural gas reserves in the world. The Embassy focuses on three goals which USAID fully supports: democratic development, including a respect for human rights; economic prosperity, which encompasses promoting a healthy population; and regional stability and security.

**DONOR RELATIONS:** Other donors face similar problems implementing reform programs. Donor coordination has improved over the past year in Turkmenistan but still lacks focus to mitigate duplication and foster cooperation. The Organization for Security and Cooperation in Europe (OSCE) has taken a leadership role in donor coordination especially in the areas of democracy and education; but, since the visa renewal of the OSCE Ambassador was denied in summer 2004, coordination has slowed. USAID fully participates and often adds supporting funds to other multilateral development programs. Overall development assistance to Turkmenistan continues to be relatively small. Over the past year, the Open Society Institute has established a Budapest-based program to support civil society growth in Turkmenistan. This is the only new donor showing interest in working in this difficult environment. Bilateral and multilateral development agencies face the same challenges as USAID. The European Union Technical Assistance to the Commonwealth of Independent States (EU-TACIS) is facing programming cuts. TACIS is focusing on cross-border transportation and trade issues. They are also working with agriculture cooperatives and looking for ways to diversify Turkmenistan's hydrocarbon-dependent natural resource base. World Bank lending has ceased, but the U.N. Children's Fund (UNICEF) continues to support women and children through maternal and child health, educational reform, and other family-related initiatives. USAID funds or co-funds several projects with UNICEF in Turkmenistan, including a ground-breaking study of the causes of infant and child morbidity and mortality in Mary Region. The U.N. Development Program is working on public management, economic reform, and environmental protection. The U.N. High Commissioner for Refugees works with the refugee communities and the International Organization for Migration works on migration issues, including Trafficking in Persons. At this point, it does not appear that trafficking is a major issue in Turkmenistan, but donors are working to solidify legislative acts and train border officials. The United Nations Population Fund works on reproductive health issues. USAID is the leading bilateral assistance provider in Turkmenistan. Other bilaterals include the United Kingdom Department for International Development, GTZ, and the Turkish TIKA development agency. The Asian Development Bank has a limited presence in Turkmenistan. The ADB is exploring the worthiness of a trans-Afghanistan gas pipeline to ship Turkmen resources to Pakistan. The European Bank for Reconstruction and Development administers a small/medium enterprise credit line, although disbursements have been at tortoise speed.

**CHALLENGES:** Numerous challenges face USAID in Turkmenistan but our creative staff, implementing partners, and beneficiaries continue to find ways to have marginal successes. Reform is basically

unknown in Turkmenistan, and the state controls all aspects of life. A mere 25% of GDP is generated by the private sector. NGO registration remains one of the greatest challenges for the development of civic organizations and only two independent organizations were registered last year. Water resources continue to be a challenge. Poor management and failing infrastructure cause great concern for the future of potable and irrigation water. Stability is always questionable as well. Minorities, especially Uzbeks and Russians, face discrimination. Foreign academic degree holders saw their credentials de-recognized by decree of the Government of Turkmenistan this year. (Although it appears in practice no steps have been taken to fire this cadre of respectfully-trained professionals.) Uzbeks and desert dwellers face internal exile. Four minority religious groups were allowed to register over the past year, but they still face hurdles in expressing their faiths freely. President Niyazov has indicated presidential elections will happen around 2008; however, there is no clear indication who will inherit his position should he fall from power before then. Nevertheless, USAID and our partners are carrying out meaningful activities that are changing the lives of citizens and teaching them their role in civil society, as well as improving the health care system, and providing modern business skills to entrepreneurs. Our programs transfer skills and empower creative thinking. Most importantly, they give hope and support.

**KEY ACHIEVEMENTS:** USAID's program continued to focus on human capital development, looking to increase the skills and capabilities critical to providing the next generation increased capacity to bring Turkmenistan into the modern world. Our successes are modest but important.

**STRENGTHENED DEMOCRATIC CULTURE AND INSTITUTIONS:** FY 2004 has been no exception from the past in the development of democracy in Turkmenistan. The Government of Turkmenistan clamped down on many actors and institutions in society, significantly closing the political space in Turkmenistan. In spite of this, USAID's support to civil society continued, giving a lifeline to many NGOs that might not otherwise have been able to survive. A restrictive new NGO law, taking effect in November 2003, has been tough to understand other than it controls all aspects of public associations. During FY 2004, USAID provided robust assistance to NGOs during the registration process. We mobilized legal teams throughout the nation to provide technical support. NGOs are being denied; but, they return to our centers for assistance in answering the technical questions posed by the Ministry of Justice. NGOs do not see initial denial as final and show commitment to reapply after addressing the points raised by the Ministry of Justice. We've refocused our efforts to mobilize communities to solve local problems, firmly advocating for their interests to local governments. We feel this support to indigenous civil society movements is organic and will build trust at the local government level. USAID funded a legal resource center at Turkmen State University, which provided valuable legal resources to over 8,000 students, lawyers, and legal professors over the past year. In addition, we opened legal clinics throughout Turkmenistan to provide practical experience to young lawyers and to provide pro-bono legal services to Turkmen citizens in the areas of family law, property law, and other civil law matters.

**INCREASED ACCESS TO QUALITY HEALTH CARE:** USAID's health program remains the most robust and stable of all programming pillars in Turkmenistan, focusing on the delivery of quality primary health care, promoting a healthy lifestyle, fighting infectious diseases, and improving the lives of mothers and children. Keeping Children Healthy campaigns expanded, providing information at the village level on acute respiratory infections, nutrition, and diarrhea. In a recent monitoring survey, nearly 100% of mothers knew all key messages of the Keeping Children Healthy Campaign, including the warning signs for when to take a child to a health care provider. The Primary Care Training Center in Ashgabat continued to flourish reaching 100% of all family nurses and doctors with training on basic diagnosis and health promotion. A second phase is beginning that will expand the knowledge of doctor/nurse teams in HIV/AIDS and other sexually-transmitted infections, domestic violence, and a variety of additional women's health issues, and work on bed side manners and protocols. A second center is being opened in Ashgabat to train doctors and nurses from other areas of the country. Training in DOTS continued for TB specialists, primary health care physicians, and other health professionals in the cities of Ashgabat, Turkmenbashi, and Mary. HIV prevalence in Turkmenistan remains an unknown; during the past year, the Government has indicated interest in applying for programming funds from the Global Fund. USAID will provide technical assistance during the application process.

**IMPROVED ENVIRONMENT FOR SMALL AND MEDIUM ENTERPRISES:** Due to the political situation

in Turkmenistan and poor private investment climate, the USAID program made limited progress. Our efforts to provide much needed business and accounting training reached targets, and produced signs that our assistance is having an impact. USAID continued to find ways to contribute to the economic development of Turkmenistan, more so through educational programs rather than official cooperation with government agencies. Graduates of USAID-funded international accounting standards courses have organized a professional association, which received an association development grant from USAID. The association was registered by the Government of Turkmenistan, a pleasant surprise for all involved. At the high school level, Junior Achievement developed new textbooks with Turkmen-specific case studies and trained teachers to implement basic economics education. Sixty schools throughout Turkmenistan now have Junior Achievement as part of the core curriculum or as an extra-curricular activity. Over 1,600 entrepreneurs were trained in basic business. Assistance continued with the Central Bank of Turkmenistan. Although it has been slow, there is will within the Central Bank to understand modern banking practices and implement reforms. Regional trade expansion has been an overwhelming success over the past year. Over \$700,000 in contracts were facilitated by USAID compared to \$24,000 last year. One such contract facilitated Turkmen lumber being sold for the rebuilding effort in Afghanistan.

**IMPROVED MANAGEMENT OF NATURAL RESOURCES:** Up until FY 2004, the majority of USAID's work in this area had been in the petroleum sector. Due to a lack of progress, almost all of the technical assistance was discontinued. Over the past year, the only energy related activity was continued support for the student chapter of the U.S. Society of Petroleum Engineers, which was established at the Turkmen Polytechnic Institute. This modest level of support provides students with computer access to the vast resources of the U.S. Society of Petroleum Engineers. Because the society provides global reach through its internet connection, members of the Turkmen Polytechnic Institute's student chapter can now exchange experiences, participate in international oil and gas engineering conferences, and expand their knowledge of new technologies. In the water sector, the National Hydromet Service is one of the few areas where effective assistance can be provided to the Government of Turkmenistan. This agency is responsible for supplying information on weather and water data for the nation and estimating annual water flows into the country. This will help promote improved transboundary water cooperation in Central Asia. Over the past two years, USAID has provided some equipment and trained staff so that they are better able to collect water and weather data, and transmit it to the central data collection center in Ashgabat for analysis and distribution. Activities in this sector support the Presidential Initiative Water for the Poor.

**CONFLICT VULNERABILITY/MITIGATION:** Overall, Turkmenistan has been essentially immune to conflict and violence (other than the coup attempt against the President in 2002). Certain social indicators are worrisome for the future, though. Unemployment and narcotics usage continue to plague youth. Political and religious oppression are growing. Nationalism and lack of respect for minorities is also something to watch. USAID made a valiant effort to administer its Community Action Investment Program (the centerpiece of USAID's conflict prevention initiative) in Turkmenistan, but was unable to convince the Government to allow it, despite community excitement for it. The Government's non-acceptance of the program arises from political sensitivities about USAID's working with ethnic Uzbek and other minority groups.

**GENDER:** USAID continues to focus on providing programming for all segments of society, including women. Our Participant Training Program trained approximately 1,600 people, approximately 61% of whom were women. Maternal health continues to be a challenge in Turkmenistan. USAID has a robust program to work with rural women on improving their lives and, thus, their families' lives as well. USAID funds a women's resource center in Ashgabat that conducts programming to publicize and train government officials, NGO leaders, and women's groups on the Convention to Eliminate all Forms of Discrimination Against Women. This organization also opened legal consultancies throughout Turkmenistan to support women in fighting for their civil rights. This assistance helped several women gain custody of their children, regain property from their former husbands, and protect their jobs in the workplace. USAID plays an active role on gender committees coordinated by the United Nations and the OSCE.

**TRADE CAPACITY BUILDING:** Trade capacity building is not a direct part of the USAID program, as the

Government shows no political will at this time to permit us to assist. Turkmenistan is participating in USAID's Regional Trade Network component of the Enterprise Development Project. As mentioned above, it has been enormously successful year after year.

## Results Framework

### **120-0130 Private Enterprise Growth**

### **120-0131 An Improved Environment for the Growth of Small and Medium Enterprises**

#### **SO Level Indicator(s):**

Business Environment Index

**IR 1.3.1** Increased Opportunities to Acquire Business Information, Knowledge, and Skills

**IR 1.3.2** More Responsive Financial Institutions, Instruments, and Markets

**IR 1.3.3** Increased Implementation of Laws and Regulations

### **120-0150 Energy**

### **120-0160 Environmental Management**

### **120-0161 Improved Management of Critical Natural Resources, Including Energy**

#### **SO Level Indicator(s):**

Number of Demonstration Models Replicated in the Central Asia Region

**IR 1.6.1** Increased Management Capacity in Natural Resource Sector

**IR 1.6.2** Improved Policy and Regulatory Framework

**IR 1.6.3** Sustainable Models Developed for Integrated Natural Resources Management

**IR 1.6.4** Public Commitment Established for Natural Resources Management Policies

### **120-0210 Citizen Participation**

### **120-0211 Strengthened Democratic Culture among Citizens and Targeted Institutions**

#### **SO Level Indicator(s):**

Percent of Targeted Population Exhibiting Civic Consciousness and Activism

**IR 2.1.1** Stronger and More Sustainable Civic Organizations

**IR 2.1.4** More Effective, Responsive, and Accountable Local Governance

### **120-0230 Local Government**

### **120-0240 Conflict Mitigation**

#### **SO Level Indicator(s):**

Communities Contribute Growing Costs Toward Projects

Number of Projects Implemented Without Donor Support

Percent of Communities Reporting Lessened Tension or Resolved Conflicts

**IR 2.4.1** Strengthened Community Participation

**IR 2.4.2** Improved Local Services Through Community Decisions

### **120-0310 Human Suffering and Negative Consequences of Crisis are Reduced**

### **120-0320 Increased Utilization of Quality Primary Health Care for Select Populations**

#### **SO Level Indicator(s):**

Percent of New Smear Positive Pulmonary TB Cases Registered in a Specified Period that were Successfully Treated through the Directly Observed Treatment Short-Course (DOTS) Strategy

**IR 3.2.1** Select Populations are Better Informed about Personal Health Care Rights and Responsibilities

**IR 3.2.2** Improved Quality of Health Care including Infectious Diseases and Maternal and Child Health

**IR 3.2.3** Improved Use of Health Care Resources for Primary Health Care

**IR 3.2.4** Improved Legislative, Regulatory, and Policy Framework

### **120-0330 Environmental Health**

### **120-0340 Improved Quality and Access to Basic Education in Target Areas**

#### **SO Level Indicator(s):**

Number of Children Benefitting from USAID Basic Education Programs

Percent of Parents Satisfied with Quality of Education in Target Areas

**IR 3.4.1** Improved Quality and Access to In-Service Teacher Education in Target Areas

**IR 3.4.2** Increased Parent and Community Involvement in Target Areas

**IR 3.4.3** Strengthened Institutional, Management, and Technical Capacity in the Education System

**120-0410** Special Initiatives

**120-0420** Cross-Cutting Programs