

USAID/Turkmenistan

Annual Report

FY 2004

June 15, 2004

Please Note:

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Turkmenistan

Performance:

BACKGROUND: Turkmenistan showed no signs of improvement over previous years in the economic and democratic reform environment during 2003. President Niyazov's regime continued to rule with a powerful fist and a paranoid mind. 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 face almost impossible registration rules. Although NGOs have been able to advocate for small-scale change at the local level, civic action remains risky, and the situation will probably only deteriorate further as a new NGO registration law, designed to limit the legalization of NGOs and aggressively monitor and control programming of registered NGOs, comes online. Public education continues to be severely cut. 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. The Internet continues to be government provided and monitored.

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 recently joined forces under a common platform to remove the President, but 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, 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, cost 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, 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 deaths per 100,000 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 society functioning and 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 strong brand identity and ample

market share, 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.

DONOR RELATIONS: Other donors face similar problems implementing reform programs. Donor coordination has improved over the past year in Turkmenistan thanks in part to the Organization for Security and Cooperation in Europe (OSCE). USAID, the largest bilateral donor, fully participates and often adds supporting funds to other multilateral development programs. Overall development assistance to Turkmenistan continues to be relatively small with no new donors showing interest. The European Union Technical Assistance to the Commonwealth of Independent States (EU-TACIS) is facing programming cuts. The World Bank lending has ceased. The U.N. Children's Fund (UNICEF) continues to support women and children through maternal and child health programming, educational reform projects, and other important initiatives. USAID funds or co-funds several projects with UNICEF in Turkmenistan. 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. UNFPA works on reproductive health issues. Other bilaterals include: United Kingdom Department for International Development, GTZ, and Turkish TIKA development agency. The Asian Development Bank has a limited presence in Turkmenistan, and the European Bank for Reconstruction and Development administers a small/medium enterprise credit line.

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. Only 2.3% of GDP is generated by the private sector. NGO registration remains one of the greatest challenges for the development of civic organizations and only one organization was 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. A dual citizenship agreement between Turkmenistan and Russia was unilaterally dissolved by the government of Turkmenistan this year. Uzbeks face internal exile. Minority religious groups are not allowed to exist or meet to express their beliefs. President Niyazov has indicated presidential elections will happen around 2008, but 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: This past year has been a particularly difficult one for 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, may prove to be the nail in the coffin for NGOs. During FY 2003, USAID launched a new phase of support to civil society in Turkmenistan through continuing support of a national network of NGO resource centers, trainings to NGOs, institutional grants to leading NGOs, advocating for a better legal environment for NGOs, mobilizing communities to solve local problems and advocating their interests to local governments, as well as legal support to indigenous civil society organizations. USAID provided funding for a legal resource center at Turkmen State University, which provides valuable legal resources to over 8,000 students, lawyers, and legal professors that visited the center. With the help of USAID, seven young attorneys banded together to form the Turkmen Young Lawyers Association. Members of the association will work with USAID 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 continues to maintain a stable and robust health program 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 continued with increased intensity, with winter campaigns in pilot sites on acute respiratory infections and nutrition and summer campaigns on 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 training a total of 400 physician-nurse teams in basic diagnosis and health promotion. Training in the Directly Observed Treatment Short-course continued for TB specialists, primary health care physicians, and other health professionals in the cities of Ashgabat, Turkmenbashi, and Mary. To date, USAID has supported the training of approximately 788 medical professionals in TB. HIV prevalence in Turkmenistan remains an unknown; the government reports that the two previously registered cases both died, leaving no official cases. External experts agree, however, that such figures are unrealistically low. USAID supported four NGOs to implement peer and outreach education activities that support behavioral changes among injecting drug users and prostitutes. Each project offers basic medical care, free condoms, access to STI clinics and HIV testing sites, and referrals to legal and social services

IMPROVED ENVIRONMENT FOR SMALL AND MEDIUM ENTERPRISES: Due to the political situation in Turkmenistan, the USAID program made limited progress. Our efforts to provide much needed business and accounting training, business and economics education, and association development did not reach targets, however, 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. Unfortunately, the association's first application for registration was denied; however, the accounting association is reapplying under a newly-enacted registration law. At the high school level, Junior Achievement developed new textbooks with Turkmen-specific case studies and trained teachers to implement basic economics education. Eighty-six courses were delivered and over 1,500 entrepreneurs were trained on basic business. Examples of the impact include a waitress who opened her own restaurant and an entrepreneur who started a computer services business after learning about the required licenses and permits, tax laws, and start-up costs such as registration fees. Following up on a rare initiative by the Central Bank of Turkmenistan in requesting USAID assistance, eight bank staff members, including division heads and supervisors, participated in a study tour of the National Bank of Kazakhstan. During a seven day period, Turkmen bankers were introduced to various banking techniques and models applied in Kazakhstan, deemed one of the most successful banks in the Commonwealth of Independent States. During FY 2004, USAID will provide additional technical assistance to the Central Bank of Turkmenistan.

IMPROVED MANAGEMENT OF NATURAL RESOURCES: USAID's water and energy activities are focused on improving Turkmenistan's capacity to manage natural resources and energy, through well-directed technical assistance, the introduction of improved technologies, accompanied by selected training, targeted public outreach, and similar actions leading to better management of critical resources. This includes activities which seek to broaden public participation in energy and related decision making and improve government's capacity to effectively regulate oil, gas, and water resources. During 2003,

USAID's program continued to support the student chapter of the U.S. Society of Petroleum Engineers, which USAID implementing partners established at the Turkmen Polytechnic Institute. Student members received specialized training in best management practices to prevent or minimize pollution from oil and gas operations. The training materials from this course, developed by USAID's program, were translated into Turkmen and have been integrated into the general curriculum this academic year. USAID installed, as a demonstration project for the TurkmenHydroMet, an automated meteorological station capable of monitoring water and weather data and transmitting that data to the central data collection center. After almost six months of monitoring the successful performance of the automated station, the weather and water forecasting agency, using its own scarce resources, purchased another station.

CONFLICT VULNERABILITY: Overall, Turkmenistan has been immune to conflict and violence. 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. Turkmenistan is party to USAID's Community Action Investment Project, the centerpiece of USAID's conflict prevention initiative. During FY 2003, communities most vulnerable to conflict were identified and challenged to work together to define their common needs. In mid-2003, the government of Turkmenistan imposed a national approval process on projects to exercise control. No approval or denial of the projects has come from the government thus far, putting the project on hold.

GENDER: USAID continues to focus on providing programming for all segments of society including women. Our Participant Training Program trained over 1,000 people, approximately 40% of who were women. During the initial pilots of our tuberculosis program, the Government of Turkmenistan wanted to focus on training only doctors. We negotiated with the Ministry of Health to include the nursing corps which is comprised mainly of 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 was able to send three women to the Global Summit of Women in Barcelona in October 2002. All three of these women have since expanded their businesses by linking with international contacts they made at the conference. 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 CEDAW convention. USAID plays an active role on gender committees coordinated by the U.N. 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. Since the start of the project, 95 companies from Turkmenistan have registered. Over the past year, three deals have been concluded representing \$24,000.

Country Close and Graduation:

Results Framework

120-0130 Private Enterprise Growth

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

SO Level Indicator(s):

A 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

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 Target Population Exhibiting Civic Consciousness

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):

Percent of Communities 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 Sputum Smear Positive TB Patients cure through DOTS in Pilot Sites

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):

Attendance Rate Increased

Completion Rate Increased

Percent of Stakeholders 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