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**TURKMENISTAN**

**APRIL – JUNE 2010**

# Quarterly Report



## **ECONOMIC REFORMS TO ENHANCE COMPETITIVENESS**

**CONTRACT NUMBER EEM-I-00-07-00005**

*This report was produced for the United States Agency for International Development (USAID). It was prepared by the Economic Reforms to Enhance Competitiveness project, implemented by Deloitte Consulting LLC. Views expressed in this publication do not necessarily reflect the views of USAID or the United States Government.*

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### **Significant issues affecting implementation:**

- The USAID-UNDP MOU on IFRS-related technical assistance for the Central Bank of Turkmenistan (CBT) has ended. USAID, on behalf of the EREC Project, made several attempts to approach the Central Bank of Turkmenistan for discussing further potential assistance in the areas of USAID's interest, i.e. macroeconomic forecasting, monetary policy and banking supervision, however, the CBT didn't grant a meeting.
- EREC Project requested a meeting with the Ministry of Economy and Development (MOED) to discuss the May-August Activity Plan, submitted on May 3, 2010, and long-term cooperation with the MOED and the State Commission for Support of Small and Medium Entrepreneurship in Turkmenistan. However, the MFA sent an official dipnote to the US Embassy, stating that currently the counterpart agencies have very busy schedule and cannot meet.
- EREC Project is still awaiting approval of the joint EREC-SAMUHR Action Plan. According to some feedback, SAMUHR is still waiting for internal government approvals. Once those decisions/approvals are made, SAMUHR would be expected to finalize the approval process of the joint Activity Plan.
- The SAMUHR delayed the assignment of EREC Project expert in IFRS in Petroleum Industry, initially planned in May 2010 and then in June 2010 until later in the year.
- EREC Project is awaiting the Supreme Control Chamber (SCC) Chairman's approval of the EREC Activity Plan for SCC.
- EREC Project is awaiting Cabmin's approval of the EREC Activity Plan for economic agencies.
- EREC Project privatization expert scheduled to work on the development of a state privatization policy and an action plan with the Institute of Strategic Planning and Economic Development (ISPED), and conduct training programs for the MOED and CSA in June 2010, was rejected a visa to Turkmenistan.
- EREC Project developed the Accounting Education Reforms Strategy for Turkmenistan. Currently, the strategy further implementation (including development of an Action Plan jointly with other donors) is dependent on USAID's long-term strategic position in the area and upcoming presidential decree approving the national program for accounting reforms.

### **Significant meetings with counterparts & donors:**

- Mr. Babaguly Taganov, Deputy Minister of Economy and Development, member of the State Commission for Support to Small and Medium-sized Entrepreneurship in Turkmenistan
- Mr. Ashley Moretz, USAID/TM Country Representative;
- Mr. Serdar Yagmurov, Program Specialist, USAID Turkmenistan;
- Ms. Svetlana Golovatskaya, Contracting Officer Technical Representative, USAID CAR
- Mr. Doug Uchikura, President of Chevron Nebitgaz
- Mr Yaap Sprey, Advisor of EuropeAid/TACIS Project "Support to National Coordinating Unit in Turkmenistan",
- Mr. Neil McKain, Head of Resident EBRD Office
- Mr. Muhammetgeldi Atayev, ISPED Director

- Mr. Dovlet Jumakuliev, Country manager of the USAID Project “Local Development Initiative”
- Head of International Department of the Union of Industrialists and Entrepreneurs of Turkmenistan

*A. Assistance to the Economic Development Department of the Cabinet of Ministers, the Ministry of Economy and Development and the Institute for Strategic Planning and Economic Development*

1. Highlights & accomplished tasks/activities against the work plan

- EREC Project completed a three-week training course titled Best international practice in the establishment and development of industrial parks and special economic zones, trade and investment and business incubators. The course was held at the Academy of Civil Service under the President of Turkmenistan. Overall 31 state managers, representing various line Ministries, including banking sector, joint-stock associations, Mayor’s offices and other state-owned entities, attended the course. The activity was widely covered by local media.
- EREC Project continued delivery of English language training courses for 26 specialists from various economic agencies. After a two-month summer break (July-August) training courses will be resumed in September.

2. Future activities & events

- Once the Cabmin approves the proposed activity plans, EREC Project will invite international technical advisors to work on delivering training programs and developing papers which support implementation of the Private Sector Development Plan, including privatization, PPP and other activities in the June-August 2010 EREC-CabMin Activity Plan.

*B. Assistance to the Supreme Control Chamber of Turkmenistan*

1. Highlights & accomplished tasks/activities against the work plan

- Per the SCC request, EREC Project prepared a paper on the SAIs structures and translated it into Russian.
- Following the meeting with the Chamber on May 25, EREC Project re-submitted an official letter, proposing the updated Activity Plan to be implemented starting from July 2010. After the Chamber clears the Plan with the President of Turkmenistan, EREC will start implementing the proposed activities.

2. Future activities & events

- Once the updated Activity Plan is approved, EREC Project will start its implementation.

### C. IFRS Reforms

#### 1. Highlights & accomplished tasks/activities against the work plan

- EREC Project continues discussions with USAID regarding the comprehensive strategy/action plan for IFRS implementation in the education sector of the country.
- USAID Country Representative's presentation made at the Turkmenistan Gas Congress 2010 and devoted to the benefits of modern financial reporting for various players in the oil and gas sector, highlighted the EREC Project contribution to IFRS implementation in Turkmenistan (including the oil and gas sector).
- EREC Project conducted Financial Management course for CAP-qualified banking specialists in order to get them prepared for July 2010 exam session. This course was a part of the USAID-UNDP MOU and was delivered by a local expert from Kyrgyzstan in May 2010.
- On June 14-16 EREC Project participated in the National Exhibition "Science and innovative technology in Revival Epoch" arranged by the Academy of science and the Chamber of commerce and industry. EREC exhibited its materials, mostly featuring IFRS-related training materials. Following the event, a highlight of USAID's projects appeared in the media, including references to EREC project and its participation in the exhibition (along with other USAID projects) helped improve relations with the AoS.
- EREC Project completed Managerial Accounting-1 course for one group (Statistics committee, Insurance and Social welfare) and Tax & Law course for another group (Ministry of finance, CBT, State Tax service) of economic sector specialists.
- EREC Project obtained results of previous exam in FA-1: 10 of 19 participants of the first group and 3 of 15 participants of the second group successfully passed the exam with good results.
- EREC Project provided to the Agency finalized forms of financial statement and updated examples of disclosures to financial statement forms, based on the comments received from the Agency, other ministries, agencies and contractors in March, 2010. Also, EREC provided unofficial translation of all materials.
- EREC project submitted to USAID a draft proposal and a draft budget for the 2nd year Chevron-USAID GDA on IFRS Implementation in Turkmenistan. The current proposed dates are July 1, 2010 to February 28, 2011. The dates of the first GDA agreement were from July 1, 2009 to June 30, 2010.

#### 2. Future activities & events

- Based on successful cooperation with the Central Bank of Turkmenistan (CBT) on IFRS transition in banks (under the MoU with UNDP), EREC project will develop a proposal to offer CIPA-level courses for the CBT specialists. The courses will target CAP-certified banking specialists who will lead the process of implementing IFRS in the banks of Turkmenistan. The courses should prepare these specialists to qualify for CIPA. The training initiative might be addressed directly to CBT.
- Based on results of the meeting with the Academy of Sciences President, EREC Project will submit a letter to the AoS proposing the CAP course for university professors. The proposal will include:

- Commencing a CAP course for a 3<sup>rd</sup> group of university professors.
- Developing an Action Plan for May 2010 – February 2011 as a part of the EREC Project's cooperation with the Academy of Sciences of Turkmenistan.

The Action Plan for May 2010 – February 2011 will include the following:

- general economics lectures for HEI professors (including econometrics) in line with the best international practice;
  - CAP courses for economic and oil-gas sector agencies;
  - IFRS Seminar for Senior Managers of economic and financial Institutions.
- EREC Project will conduct the last of the three CAP courses for financial and economic agencies in September-November 2010. Also, EREC might propose delivering more of such courses following the national accounting reform program adoption.
  - EREC Project will start implementation of activities included into the 2<sup>nd</sup> year GDA and EREC-SAMUHR Activity Plan, once they are approved.