

Turkmenistan Country Engagement Note (CEN) for FY16-17

Document for consultations
30 April 2015

Recent WBG Engagement in Turkmenistan...

- FY14-15 Interim Strategy Note (ISN), comprising government-funded reimbursable advisory services (RAS) program:
 - **macroeconomic statistics** (national accounts, international comparison program)
 - **financial sector development** (bank regulation and supervision, inter-bank payments system, financial sector strategic approaches, insurance)
- and five WBG-funded strategic analytical studies:
 - options for diversifying Turkmenistan's economy;
 - priorities for enhancing Turkmenistan's investment climate;
 - improving policy framework for privatization;
 - expanding access to finance by private enterprises;
 - WTO accession

.... And Future Engagement

- FY16-17: Turkmen authorities recently reconfirmed interest in expanding relations with WBG through proposed Country Engagement Note (CEN).

CEN Objectives & Approach

- **CEN (formerly ISN)** is WBG's *Business Plan* for support of a country's overall medium- or long-term economic and social development strategy.
- **CEN principles of engagement** agreed between President of Turkmenistan and WBG Vice President at meeting, 9th December, 2014 in Ashgabat:
 - **Alignment:** support for Turkmenistan's NSDP, 2011-30; aligned with WBG's twin goals
 - **Focus:** transfer of knowledge, international experience and best practice
 - **Instruments:** reimbursable advisory assistance and analytical work
 - **Access** to data required for analysis
- **CEN Objective:** to facilitate transfer of global knowledge and expertise to Turkmenistan in support of reforms required to integrate country with global economy and transition to market-based economy.
- **CEN Areas:** *deepen* ongoing collaboration in areas included in ISN and *broaden* it into selected new areas critical to increased competitiveness.
- **CEN** will *cover two year period* July 1, 2015—June 30, 2017.

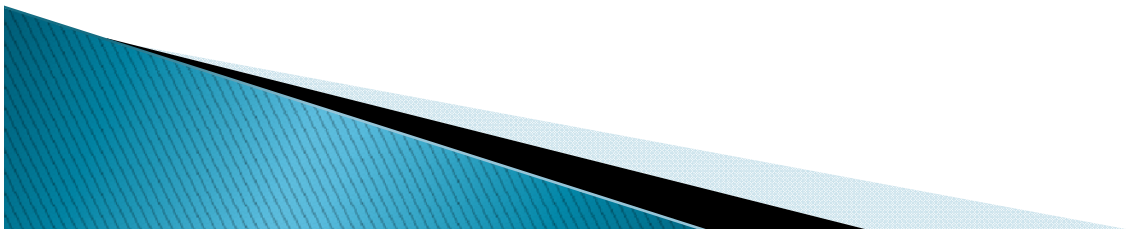
CEN Content and Timeline

Content:

1. *Brief analysis* of country's development challenges and priorities
2. *Review* goals and objectives of country's development strategy
3. *Assessment* of WBG Engagement, Results, Lessons Learned
4. Proposed WBG program—objectives and content
5. Results monitoring and evaluation framework
6. *Risks* to successful implementation

Timeline:

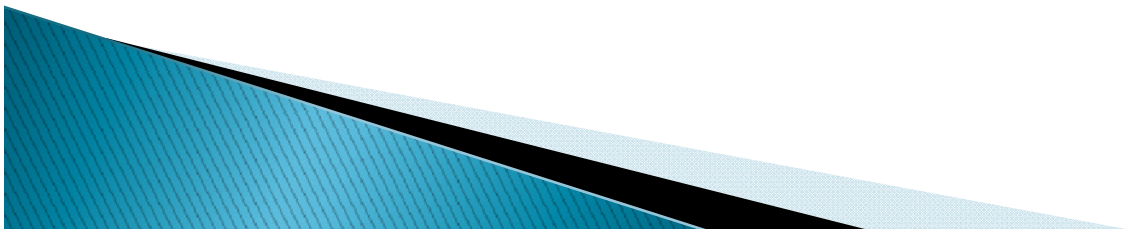
1. Consultations (*May 2015*)
2. WBG Board Discussion (*July 2015*)
3. Public Disclosure (*August 2015*)



Turkmenistan National Program for Socioeconomic Development (NPSD), 2011-2030

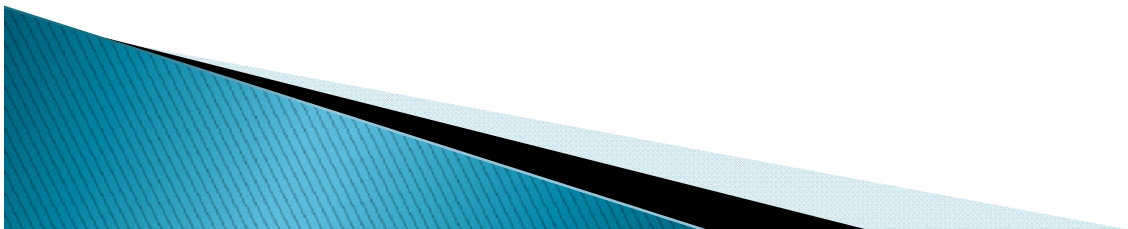
Strategic Objectives:

1. Increase private sector's role and share of non-hydrocarbon economy to at least 70 percent
2. Ensure sustainable regional development by achieving universal access to clean drinking water
3. Close income gap between rural and urban areas and ensure inclusive development nationwide
4. Achieve high-income status by 2025



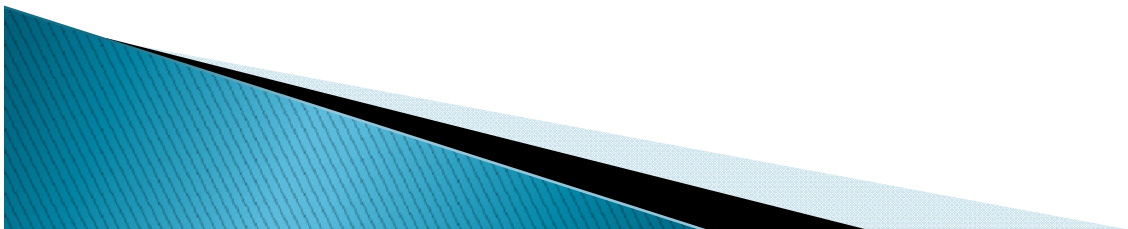
Focus Areas of NPSD, 2011-2030

1. **Diversification:** more investment in high-technology, environmentally sound enterprises in non-hydrocarbon sectors of economy.
2. **Innovation:** government support for research and development, including education and training, in industries with export potential.
3. **Infrastructure:** expand and modernize country's communications and transport systems; build reliable and efficient financial sector and modern financial infrastructure.
4. **Social policies:** *first*, expand size of middle-class *inter alia* through new, more attractive private sector jobs, expanded employee training and re-training, and higher incomes; *second*, reduce number of disadvantaged and vulnerable people through more and better targeted social assistance and higher quality social services.



Proposed Areas for CEN Support of Turkmenistan's NPSD

1. Improving Data for Policy Making
2. Financial Sector Modernization
3. Private Sector Participation & Building Skills
4. Managing Natural Resources Efficiently



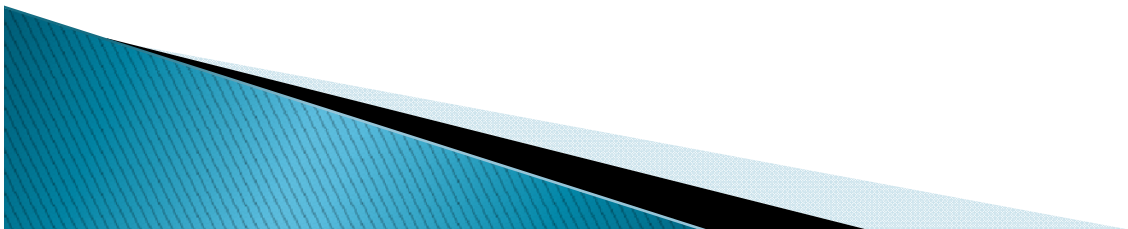
Area 1 - Improving Data for Policy Making

Proposed Activities:

- to improve national accounts statistics;
- to introduce international methodologies;
- to assist participation in next round of International Comparison Program (ICP);
- to increase capacity for macro modeling and forecasting, evaluating efficiency of public investment and introducing integrated public finance management information system (PFMIS)

National Partners:

- State Statistics Committee
- Ministry of Finance



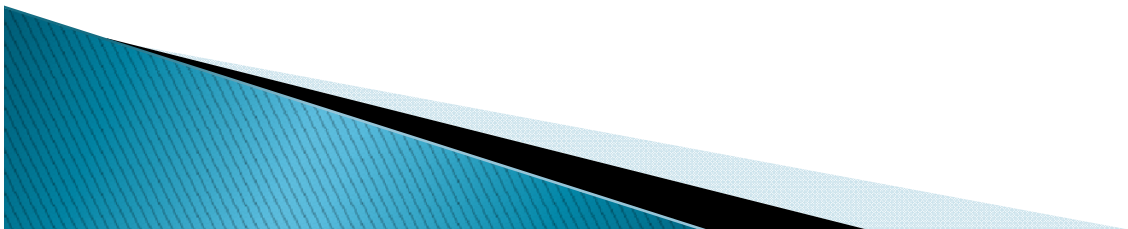
Area 2 - Financial Sector Modernization

Proposed Activities:

- bank corporate governance, bank business model reform, & credit reporting assessment
- capital markets development, insurance market development & national risk assessment

National Partners:

- Central Bank
- Ministry of Finance



Area 3 - Private Sector Participation & Building Skills

Proposed Activities:

- Foreign direct investment; agri-business development & connectivity/logistics
- Undergraduate & post-graduate curriculum development, capacity building, knowledge exchanges, assessments of skills needs for selected industries

National Partners:

- Ministry of Economy and Development
- Ministry of Agriculture
- Ministry of Road Transportation
- Ministry of Education
- Academy of State Service

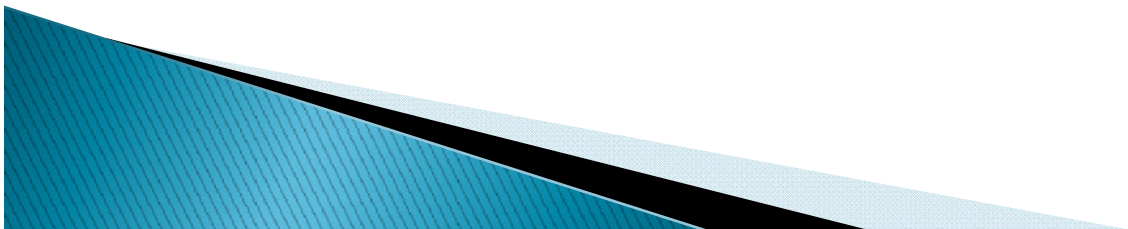
Area 4 - Managing Natural Resources Efficiently

Proposed Activities:

- Efficient use of water resources
- Mitigating climate change
- Improving agricultural productivity

National Partners:

- Ministry of Water Resources
- Ministry of Agriculture
- Ministry of Nature Protection



Next Steps/Timetable

- **April 30 – June 10, 2015:** Public consultations period
- **May 11-13, 2015:** In-country consultations meetings
- **May – June, 2015:** Continued discussions with government and internal WBG processing
- **June 26, 2015:** final draft CEN submitted to WBG Management for review and approval
- **July 27, 2015:** CEN presented to WBG Executive Directors
- In parallel, preparation of RAS agreement, based on agreed CEN program of activities.