



# Country Operations Business Plan

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December 2017

## Turkmenistan 2018–2019

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 14 November 2017)

Currency unit	–	Turkmen manat/s (TMT)
TMT1.00	=	\$0.2857
\$1.00	=	TMT3.50

## ABBREVIATION

ADB – Asian Development Bank

## NOTE

In this report, “\$” refers to US dollars.

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## CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. The country operations business plan, 2018–2019 for Turkmenistan of the Asian Development Bank (ADB) is aligned with ADB’s country partnership strategy, 2017–2021 for Turkmenistan.<sup>1</sup> The country partnership strategy supports the Government of Turkmenistan objective to diversify the economy, focusing on (i) energy and transport infrastructure, and (ii) private sector development through small- and medium-sized enterprise finance. The country operations business plan embraces priorities and outcomes in ADB’s Midterm Review of Strategy 2020.<sup>2</sup>
2. The country operations business plan takes a 2-year planning horizon, given uncertainties stemming from, among others, the fact that Turkmenistan’s public borrowings remain virtually outside the budgetary framework, making it challenging to align respective cycles. Indicative lending is sovereign by nature, with its preparation to be underpinned by transaction technical assistance. The areas of intervention and the indicative resource allocation for each sector are in Appendix 1. The projects in the pipeline are detailed in Appendix 2 where (i) infrastructure development endeavors have been assigned generic titles to allow for plausible scenarios in which government counterparts seek some rescoping of specific investments; and (ii) cost and regular ordinary capital resources will be deemed provisional, project-wise.
3. The nonlending program for 2017, and the list of indicative knowledge publications and events for 2017–2018, are listed in Appendix 3 and Appendix 4, respectively. ADB will explore the potential of nonsovereign operations, including in the oil and gas sectors where viable, with commercial cofinancing, to promote private sector investment in Turkmenistan.

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<sup>1</sup> ADB. 2017. *Country Partnership Strategy: Turkmenistan, 2017–2021*. Manila.

<sup>2</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

## COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2018–2019	Changes from Last COBP
<b>1. Energy</b>			
Increased electric interconnections with neighboring countries  Increased power exports, including through TUTAP interconnection between Turkmenistan and Afghanistan	Energy generation and electricity transmission  Energy efficiency in generation and loss reduction in transmission  Cross-border power trade  Capacity building and institutional strengthening	Amount: \$150 million (regular OCR); cofinancing will be sought  Share of COBP envelope: 15.8%	Not applicable
<b>2. Transport</b>			
Enhanced connectivity with the CAREC region and beyond, enabling more transit and trade  Increased movement of people and goods in an efficient, safe, and sustainable manner	Roads and road safety  Railway modernization  Institutional strengthening	Amount: \$600 million (regular OCR); cofinancing will be sought  Share of COBP envelope: 63.2%	Not applicable
<b>3. Finance</b>			
Improved access to finance for privately-owned SMEs engaging in expansion of exports and domestic manufacturing	SME finance  Capacity development and knowledge sharing with participating financial institutions (commercial lending and underwriting, market-based reference rates for lending, and ESMS)  Institutional strengthening	Amount: \$200 million (regular OCR)  Share of COBP envelope: 21.0%	Not applicable

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, COBP = country operations business plan, ESMS = environmental and social management system, OCR = ordinary capital resources, SME = small and medium-sized enterprise, TUTAP = Turkmenistan–Uzbekistan–Tajikistan–Afghanistan–Pakistan.

Source: ADB estimates.

## INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2018–2019

Project/Program Name <sup>a</sup>	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
<b>2018 Firm</b>												
Modernization of Railways	TRA	GI	IEG, ESG, RCI, GCD, GEM, PAR	CWTC	2018	...	100.0			100.0	...	...
<b>Total</b>						...	<b>100.0</b>			<b>100.0</b>	...	...
<b>2018 Standby</b>												
SME Finance	FIN	GI	IEG, GCD, GEM, PSD	CWPF	2017	...	200.0			200.0	0.0	0.0
<b>Total</b>						...	<b>200.0</b>			<b>200.0</b>	...	...
<b>2019 Firm</b>												
Power Sector Development	ENE	GI	IEG, ESG, RCI, PAR	CWEN	2016	...	150.0			150.0	...	...
<b>Total</b>						...	<b>150.0</b>			<b>150.0</b>	...	...
<b>2019 Standby</b>												
Road Rehabilitation	TRA	GI	IEG, ESG, RCI, GEM, PAR	CWTC	2019	...	500.0			500.0	...	...
<b>Total</b>						...	<b>500.0</b>			<b>500.0</b>	...	...

... = data not calculated or not estimated; ADB = Asian Development Bank; ADF = Asian Development Fund; COL = concessional OCR lending; CWEN = Central and West Asia Energy Division; CWPF = Central and West Asia Public Management, Financial Sector, and Trade Division; CWTC = Central and West Asia Transport and Communications Division; ENE = energy; ESG = environmentally sustainable growth; FIN = finance; GCD = governance and capacity development; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; IEG = inclusive economic growth; OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; PSD = private sector development and private sector operations; RCI = regional integration; SME = small and medium-sized enterprise; TRA = transport; TRTA = transaction technical assistance.

<sup>a</sup> Given the provisional nature of the indicative lending program, content and composition of lending instruments as well as cost or value figures in the actual loan delivery may change (including downwards).

Source: ADB.

**Table A2.2: Nonlending Products and Services, 2018–2019**

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2018</b>								
Modernization of Railways Project	TRA	CWTC	TRTA	TASF	750		0	0
<b>Total</b>					<b>750</b>		<b>0</b>	<b>0</b>
<b>2019</b>								
Road Rehabilitation Project	TRA	CWTC	TRTA	TASF	1,000		0	0
<b>Total</b>					<b>1,000</b>		<b>0</b>	<b>0</b>

ADB = Asian Development Bank, CWTC = Central and West Asia Transport and Communications Division, TASF = Technical Assistance Special Fund, TRA = transport, TRTA = transaction technical assistance.

Source: ADB.

## ASSISTANCE PROGRAM FOR CURRENT YEAR

**Table A3.1: Nonlending Products and Services, 2017**

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
SME Finance Project	FIN	CWPF	TRTA	SC	50		0	0
SME Finance Project	FIN	CWPF	KSTA	TASF	1,000			
<b>Total</b>					<b>1,050</b>		<b>0</b>	<b>0</b>

ADB = Asian Development Bank; CWPF = Public Management, Financial Sector, and Trade Division; FIN = finance; KSTA = knowledge and support technical assistance; SC = staff consultant; SME = small and medium-sized enterprise; TASF = Technical Assistance Special Fund; TRTA = transaction technical assistance. Source: ADB.

## INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2018

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Key Indicators 2018	Economics	Publication and documentation	ERCD	TA for approval
Asian Development Outlook 2018, its update, and its supplements (July, December)	Economics	Publication and documentation	ERCD CWRD	Cluster TA 0018
Macroeconomic and Public Investment Framework Development	Economics	Publication and documentation; training or capacity development	CWRD	TA for approval, or existing TA funds if available
Methodology for establishing market-based reference rates for SME finance and financial market monitoring	Finance	Publication and documentation, database, and training or capacity development	CWRD	TA for approval
Knowledge products and services delivered in 2018 under the CAREC Program	Regional cooperation and integration, energy, transport, industry and trade, finance, and private sector	Publication and documentation; event organization	CWRD	TA 8147, TA 8301, TA 8386, TA 8584, TA 8585, TA 8586, TA 8746, TA 8789, TA 8804, TA 8934, and TA 9156
Modernizing Sanitary and Phytosanitary Standards in Turkmenistan	Industry and trade	Publication and documentation; training or capacity development	CWRD	TA 9084
Policy Brief and Country Background Paper on Inclusive Economic Development in Turkmenistan	Economics	Publication and documentation	CWRD	TA 8936
Policy Brief and Country Background Paper on Employment and Labor Market Policies in Turkmenistan	Economics	Publication and documentation	CWRD	TA 8936
GJIG Study Corporate Report: Good Jobs for Inclusive Growth in Central Asia and the South Caucasus	Economics	Publication and documentation	CWRD	TA 8936
GJIG Study Volume 1: Inclusive Growth in Central Asia and the South Caucasus	Economics	Publication and documentation	CWRD	TA 8936
GJIG Study Volume 2: Employment and Labor Markets in Central Asia and the South Caucasus	Economics	Publication and documentation	CWRD	TA 8936

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
GJIG Study: Guidelines for Improving Project Design and Implementation to Enhance the Inclusive Growth and Good Jobs' Creation Impact of ADB Operations in CWA Countries	Economics	Publication and documentation	CWRD	TA 8936
<b>Total number of publications = &gt;11<sup>a</sup></b> <b>Total number of events = &gt;10<sup>a</sup></b>				

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, CWA = Central and West Asia, CWRD = Central and West Asia Department, ERCD = Economic Research and Regional Cooperation Department, GJIG = good jobs for inclusive growth, SME = small and medium-sized enterprise, TA = technical assistance.

<sup>a</sup> CAREC publications and events are lumped into one count in the table. Individual publications and events are listed in [www.carecprogram.org](http://www.carecprogram.org).

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development.

Source: ADB.

**Table A4.2: Additional Knowledge Publications and Events Delivered in 2017**

<b>Title of Publication or Event</b>	<b>Subject</b>	<b>Type</b>	<b>Department or Sector Group or Thematic Group</b>	<b>Technical Assistance</b>
Key Indicators 2017	Economics	Publication and documentation	ERCD	TA 9023
Modernizing Sanitary and Phytosanitary Standards in Turkmenistan	Industry and trade	Publication and documentation; training or capacity development	CWRD	TA 9084

CWRD = Central and West Asia Department, ERCD = Economic Research and Regional Cooperation Department, TA = technical assistance.

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development. The table includes additional knowledge publications and events delivered outside the list of indicative knowledge publications and events included in the previous country operations business plan.

Source: Asian Development Bank.