



Chair's Summary of Meeting of the Board of Directors

17 November 2017

Country Partnership Strategy Turkmenistan, 2017–2021 —Catalyzing Regional Cooperation and Integration, and Economic Diversification

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Asian Development Bank

1. The Board of Directors of the Asian Development Bank (ADB) generally endorsed the Country Partnership Strategy (CPS), 2017–2021 for Turkmenistan. Directors observed that the approach of the CPS was comprehensive and the three planned pathways of diversifying hydrocarbon markets, diversifying non-hydrocarbon economy and knowledge work were aligned with the country's development priorities.

2. Directors welcomed the focus of the CPS on regional cooperation and integration and noted that Turkmenistan is an important player in the Central Asia Regional Economic Cooperation (CAREC) program. Some Directors stressed the importance to deepen ADB engagement with Turkmenistan in the context of positive externalities that could be anticipated from the country's contribution to increased regional energy security. Directors supported the planned calibrated approach in the CPS to expand the ADB program, but added that this would require close consultations with the government.

3. Directors expressed a range of views on the planned areas of ADB engagement to diversify the non-hydrocarbon segment of the economy. In the transport sector, it was mentioned that physical infrastructure investments to improve connectivity along the multi-modal CAREC Corridor 2 needed to be combined with support in softer areas like operations and maintenance. Some Directors noted that ADB systems on procurement and environmental and social safeguards were expected to benefit the country's development process. In this context, the role of technical assistance and capacity development to minimize operational risks and increase awareness of ADB processes and procedures were crucial.

4. A Director highlighted the importance of an enabling framework to stimulate the business environment, create competitive firms, skills-development of labor force and increase youth employment. A few Directors noted the ongoing support of the European Commission for public financial management reforms. A related question asked by a Director was on the use of project modalities as against program loans and integrated approaches to support governance reforms. On gender and development, one Director emphasized the need to engage gender specialists in ADB's Sustainable Development and Climate Change Department to incorporate gender-related components at the project level and in ADB's country and sector policy dialogue with Turkmenistan.

5. On private sector operations, one Director pointed out that more support could have been envisaged in the CPS for state-owned enterprises.

6. The importance of new and innovative approaches and topics for knowledge work in Turkmenistan was stressed by many Directors. On climate change, one Director noted that clean technologies could be an area where ADB could focus its efforts. A Director questioned why fee-based advisory services were being provided only in one area and whether there was scope to expand such support for more activities.