

THE EBRD IN TURKMENISTAN



European Bank
for Reconstruction and Development

Results snapshot

#EBRDImpact

Overview

The EBRD has been active in Turkmenistan since 1992. As the largest institutional investor in the country, the EBRD has invested more than €344 million in 88 projects, including support for trade facilitation, manufacturing and SMEs.

The Bank's strategic focus in Turkmenistan is on Competitive private sector and SME growth. The EBRD is also engaged in significant capacity building, which includes resilient agribusiness sector and SMEs.

EBRD in Turkmenistan

Total	2017-2022*
€344 million	€82 million
Net cumulative investment	
88	32
Number of projects	
€14 million	€11 million
Green economy financing commitments	

*Nov 2022

Our policy engagement

- ▶ Improved regulations
- ▶ Technical assistance to support investment
- ▶ Advice to Small Business



[Read the EBRD
country strategy
for Turkmenistan](#)

Highlights of EBRD results in Turkmenistan

Stronger banking sector

EBRD helped a number of local banks improve its lending procedures to SMEs, including through training of local staff, improved risk management practices, and the introduction of international accounting standards

SME growth

65 per cent of SMEs advised by the EBRD between 2017-2021 increased their turnover, creating a total of €373 million of additional turnover. 61 per cent of these SMEs became more productive.

Better business standards

The EBRD and EU helped a Turkmen polystyrene moulder introduce ISO 9001:2015, a quality standard required to start exporting its products to Kazakhstan, Georgia and Ukraine. We also provided support to introduce a financial reporting system in accordance with international principles.

Turkmenistan in context

The authorities continue to report a remarkably robust economic performance. Official data suggest that real GDP grew by 6.1 per cent year-on-year in January-July 2022, with the strongest gains achieved in manufacturing and services, foreign trade, and retail trade turnover. The official exchange rate peg continues to be maintained at 3.5 Turkmen Manat (TMT) per US dollar.

Turkmenistan's economy continues to be characterised by pervasive state intervention and state ownership. Although the number of private entrepreneurs and companies is growing, the private sector remains small and closely regulated by the state. In response to these broad reform challenges, the Bank continues to focus its activities in Turkmenistan on supporting private sector development, both directly and indirectly via local partner banks. The EBRD provides financing to privately-owned companies outside the oil and gas sectors, focusing on food processing and distribution, logistics, transport services, packaging, furniture, and hospitality. The EBRD prioritises strengthening the financial sector to enable it to fund the economy by introducing market-oriented principles.

To support enhanced integration of Turkmenistan's economy into the global economy, the EBRD seeks opportunities to attract much-needed FDI by investing alongside foreign strategic investors, and will promote cross-border trade through the Trade Facilitation Programme with eligible partner banks. EBRD also supports regional transport operations, particularly for projects with a sound business rationale and which are integrated into the CAREC transport corridors or the EU-TRACECA programme. In some sectors, particularly energy efficiency, power and municipal services, reforms the EBRD limits its activities to targeted policy dialogue, as requested by the authorities, to promote the adoption of reforms leading to market-based solutions to the challenges in these sectors.



Key economic indicators

	Turkmenistan (2017)	Turkmenistan (2022*)	OECD (2022*)
GDP per capita, PPP (constant 2017 international \$)	14,220	15,520	46,380
Unemployment, youth total (% of total labor force)	9.7	11.0	14.1
Labor force participation rate (% of total population)	46.9	45.8	60.0
Unemployment, total (% of total labour force)	4.2	5.0	6.3

Our approach and operational delivery

The EBRD supports the development of the private sector through a combination of investment, policy dialogue, technical assistance, and business advice. We offer a range of financial instruments, both directly and through partner financial institutions. We provide business advisory services and technical assistance to help improve the institutional capacity and enhance competitiveness of our clients. In our policy engagement work, we address a range of factors to help shape initiatives that create favourable conditions for sustainable and inclusive economic growth.

In Turkmenistan we focus on expanding private sector operations in the corporate and financial institutions sectors, targeted policy dialogue and fostering coordination among IFIs and donor organisations.

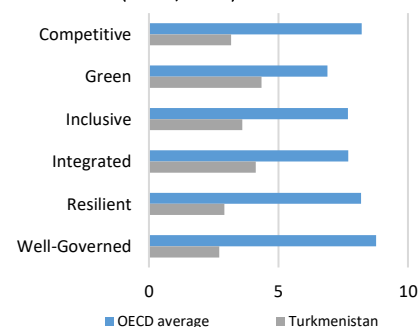
We seek to help countries transition towards democratic and sustainable market economies. We finance projects that strengthen the private sector in economies undergoing transition to a well-functioning market system. Our investment decisions are guided by six “transition qualities”, which focus on making economies competitive, well-governed, green, inclusive, resilient and integrated.



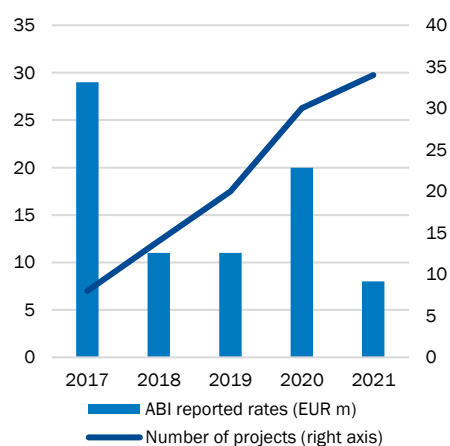
For more detail on our transition qualities visit www.ebrd.com/qualities



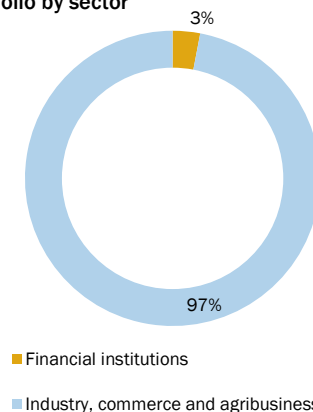
EBRD score (1-worst, 10-best)



EBRD investment



Portfolio by sector



* Or latest available World Development Indicators

EBRD in TURKMENISTAN

The EBRD supports local SMEs.

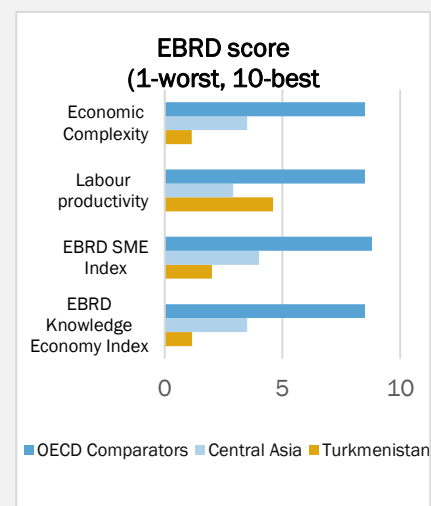
Competitive private sector and SME growth

SDG contribution



#EBRDImpact

Private sector activity remains severely limited in Turkmenistan despite a range of government programmes and new legislation aimed at increasing its role. The report finds that the main obstacles holding back private sector development are the challenging business climate resulting from heavy state presence in the economy, weak property rights, and in many cases state-directed - instead of market-based - access to resources required for conducting business. Other major obstacles are Rationing and slow conversion of local currency into foreign exchange because of the fixed, overvalued exchange rate, which weighs both on current businesses and on foreign investment. Private capital is to a large extent held in the parallel economy due to the difficult business climate. Credit to the private sector very is low, with credit growth over recent years driven mainly by subsidised state programmes aimed at stimulating local production. Lending to the private sector has been mainly funded by targeted state programmes prioritising import substitution and export orientation at highly concessional rates.



How we work

EBRD provides finance to SMEs and other corporates in the manufacturing and services, agribusiness and logistics sectors, including women-led businesses. We back our investment by advisory support to enhance SME capacity. We provide intermediated finance to private companies through credit lines, where applicable coupled with technical assistance to improve partner banks' lending capacity. We also facilitate cross-border trade through the Trade Facilitation Programme (TFP) and support quality FDI and assist with institution building efforts where opportunities arise,

EBRD in Turkmenistan

Total	2017-2022*
€137 million	€56 million
Net cumulative investment in the agribusiness sector	
€76 million	€20 million
Financing provided in the manufacturing and services sector	

*Nov 2022

Quick links

- ▶ Direct Financing Framework
- ▶ Support for Small business
- ▶ SME Local Currency Programme
- ▶ Trade Facilitation Programme (TFP)

[EBRD Trade Facilitation Programme](#) provides guarantees to international confirming banks, taking the political and commercial payment risk of international trade transactions undertaken by banks in its regions.



Achievements and results: Competitive private sector and SME growth

We support local SMEs by:

- ▶ Promoting SME growth through directly investing EUR 56 million in local SMEs and indirectly financing SME through credit lines via local banks.
- ▶ Improving competitiveness through 155 business advisory to local SMEs on e.g. digitalisation, energy efficiency, or export marketing.
- ▶ Helping Turkmen SMEs affected by coronavirus pandemic. For instance, the EBRD provided US\$ 1.8 million in financing to support the strategic development of the leading company (Ak Hunji) providing decorative mouldings, insulating panels and other building materials made of expanded polystyrene

"The EBRD advisers helped us tremendously. We can see a huge difference between what we had before and after the advisory projects. We would never have achieved such success on our own. With a new investment project we would be able to implement the full cycle of production without dependence on imported raw materials, provide more affordable footwear and create 200 further jobs for women".

Ayhan Rejepova, the owner of Arassa Rysgal, a leading manufacturer of light footwear in Turkmenistan, 2022

We help develop local private sector by:

- ▶ Providing financing to local agribusiness companies. For example, the Bank supported the expansion of the Turkmen tomato producer Agromar with a US\$ 2.5 million loan for the extension of the company's production facilities.
- ▶ Providing advisory under the EBRD Women in Business programme to local self-made women-led enterprises (e.g. MAYAM)
- ▶ Improving the lending practices through working with local banks (i.e. Garagum Bank and Turkmenbashi Bank) to introduce modern risk management and international accounting standards.

SME growth

SMEs advised by the EBRD achieved high growth: 65 per cent of them increased their turnover, creating a total of €373 million of additional turnover. 61 per cent of these SMEs became more productive.*

More exports

9 per cent of SMEs advised by the EBRD grew their exports, creating a total of €3 million of additional exports.*

Job creation

59 per cent of SMEs advised by the EBRD hired more people, creating at total of 2,486 new jobs.*

Stronger banking sector

EBRD helped a number of local banks improve its lending procedures to SMEs, including through training of local staff, improved risk management practices, and the introduction of international accounting standards.

Better business planning

Thanks to EBRD's advisory, a local manufacturer Arassa Rysgal improved its operations. We helped the company develop a business plan and improve financial management system. As a result, the company was able to secure US\$ 2 million in financing from the EBRD to invest in a new workshop.

Strengthening skills

EBRD provided training to 40 new staff of Datly Sherbet, a manufacturer of pastry and confectionary products in Turkmenistan. In 2019, the Bank also helped Datly Sherbet adhere to internationally recognized certification and obtain the ISO 9001 certification on quality management for the new confectionary.

Better business standards

The EBRD and EU helped a Turkmen polystyrene moulder introduce ISO 9001:2015, a quality standard required to start exporting its products to Kazakhstan, Georgia and Ukraine, and provided support to introduce a financial reporting system in accordance with international principles.



[Read](#) how EBRD and the EU helped a Turkmen footwear manufacturer to produce trainers and wellington boots, the first in the country.



[Read](#) how the EBRD's Women in Business training inspired a local self-made businesswomen Maya Myradova to obtain ISO 9001 certification for her company's quality management system. The project was implemented by a local consulting company, Standart Hyzmat, and is also supported by the EU.



[Read](#) how the EBRD supported Turkmen hygienic goods producer Rysgally El expand its baby diapers production line.



[Read](#) how the EBRD supported Turkmen tomato producer Agromar to expansion its production facilities.

Partnerships

The EBRD supports the transition process by applying a holistic approach through the combination of investment, risk mitigation, capacity building and policy dialogue with local and central governments, regulators, financial institutions and representatives of civil society. Partnership with donors is critical in this process to address transition

challenges, affordability constraints, improve market outcomes in the presence of significant externalities, steer investments towards improved sustainability and transition impact across EBRD's regions. With a focus on sustainable and inclusive private sector development, donor funds also play a key role in building low carbon economies

and mitigating climate risks. The EBRD has worked with donors since its creation and currently manages relations with a broad and varied donor community of up to 50 different partners, primarily governments and multi-lateral organisations.

Our Partnerships in Action

- ▶ EBRD used €6.1 million of Technical Cooperation funds and €7 million of Co-Investment funds between 2016-2021.
- ▶ The Advice for Small Businesses (ASB) in Turkmenistan programme is co-financed by the EU
- ▶ The regional SME Finance Facility for Central Asia, co-financed by the EU, supports investments in Turkmenistan, especially in

agribusiness and food manufacturing

- ▶ Our work in Turkmenistan is currently funded by the European Union and EBRD Shareholder Special Fund. Since starting work in Turkmenistan in 2008, we've helped over 290 enterprises access advice with support from a diverse donor base.



Work with us

Financing

Loans

Equity

Guarantees (including to local banks for trade finance)

Advice

Expand

Improve processes and governance

Meet standards

Navigate regulatory environment

Train workers

Goods and services

Procurement

Careers

Participate

NGO roundtable

Have your say on EBRD policies and strategies

Contacts

Fatih Türkmenoğlu

EBRD Head of Turkmenistan

EBRD Ashgabat Resident Office

Ashgabat Resident Office

"Berkarar" Business Center,

13th floor, Suite M3

82, 1972 street (Ataturk)

744000 Ashgabat,

Turkmenistan

Tel.: +993 12 46 88 20

New business enquiries

Business Development department

Tel: +44 20 7338 7168

Email: newbusiness@ebrd.com

Shareholding

1 June 1992

Joined the EBRD

1992

EBRD started investing

EUR 2.1 m

Turkmenistan's Capital subscription

Myratdurdy Orazdudryyev

EBRD Governor

Rosmarie Schlup

EBRD Board Director

Visit EBRD Results Snapshot Hub:

www.ebrd.com/what-we-do/country-results-snapshots

