

Coronavirus response in 2021: building back better

Update on Turkmenistan (20 December 2021)



Covid-19: policy response

- Turkmenistan was the first country in Central Asia to close its borders, ensuring the authorities had time to prepare for Covid-19. The spread of the delta variant in July 2021 further incentivised the population to vaccinate, reportedly raising the vaccination rate to very high levels (though official data are not available)
- In June 2021, the authorities introduced nationwide restrictions. These included limitations on domestic travel (roads, railways, airports), the closure of land borders and the suspension of international commercial flights.
- The World Bank approved US\$ 20 million for the Turkmenistan Covid-19 Response Project. The loan, approved in July 2021, will support priority activities under the National Pandemic Preparedness and Response Plan.

Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	6.2	6.3	0.8	EBRD GDP growth forecast (Nov 2021) 2021: 6.3%; 2022: 5.5%
Annual inflation (year end)	13.3	5.1	7.6	GDP growth: 6.2% (Jan-Oct 2021)
Government balance/GDP	-0.2	-0.4	0.1	Retail trade turnover: +16.5% (Jan-Oct 2021, y/y)
Current account balance/GDP	5.5	5.1	-0.5	Foreign trade turnover: 14.6% (Jan-Oct 2021, y/y)
Net FDI/GDP	-4.9	-4.8	-2.5	Official exchange rate: 3.5 TMT per US\$
Public debt/GDP (year end)	31.4	32.8	31	Parallel market exchange rate: 24 TMT per US\$ (3 Dec 2021)
Unemployment rate (year end)	3.8	3.91	4.07	

Key short-term priorities

- Strengthen the qualifications and skills of medical staff.
- Address issues of currency convertibility and adjust the exchange rate to reflect macroeconomic fundamentals.
- Increase the transparency, credibility and availability of national statistics to enable sound policymaking.

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

Competitive

- Access to foreign currency is improving, as reflected in the positive dynamics of the black-market exchange rate (which has appreciated from lows of 40 in July 2021 to the current 20-25 TMT to the US dollar).

Inclusive

- More than 70 per cent of expenditures will be steered to the social sectors, such as education and healthcare. Wages and pensions increased 10 per cent in 2021.

Resilient

- The declining spread between the black market and the official exchange rate is improving the soundness of the financial system.

Integrated

- The Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project was put on hold due to a lack of financing and uncertainty over Afghanistan.
- Iran, Turkmenistan and Azerbaijan have signed a gas swap deal, enabling Turkmenistan to export gas to Azerbaijan.

Digital

- As part of the Concept for the Development of the Digital Economy in Turkmenistan for 2019-25, loans will be issued to small and medium-sized enterprises to help them develop hardware and software products.

To learn more about EBRD's support to Turkmenistan visit: <https://www.ebrd.com/turkmenistan.html>.

¹ For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.