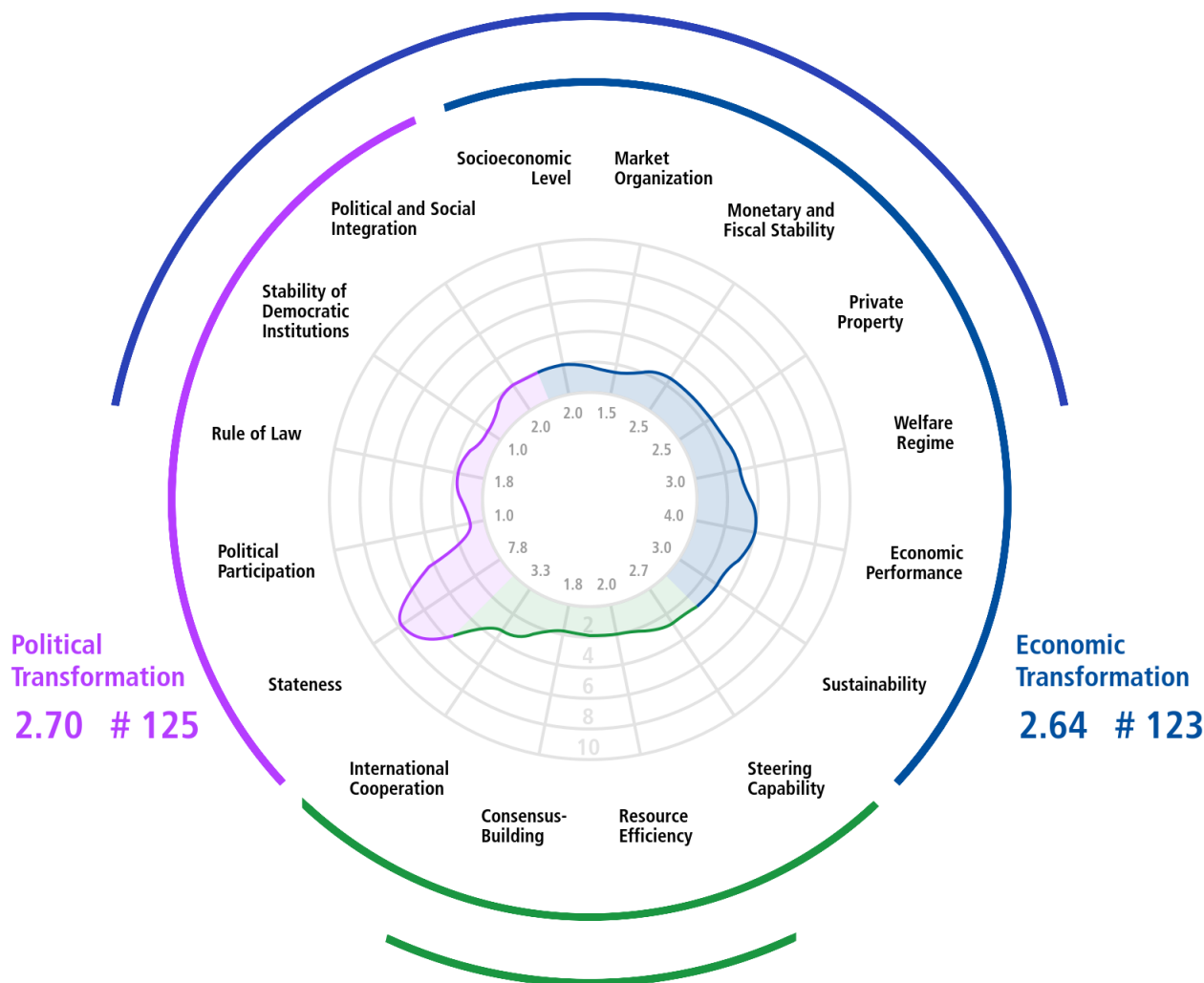


Turkmenistan

Status Index

2.67 # 125

on 1-10 scale out of 137



Governance Index

2.18 # 128

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	6.4	HDI	0.745	GDP p.c., PPP \$	-
Pop. growth ¹	% p.a.	1.4	HDI rank of 189	91	Gini Index	-
Life expectancy	years	69.3	UN Education Index	0.742	Poverty ³	% -
Urban population	%	53.5	Gender inequality ²	0.177	Aid per capita \$	4.4

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

During the reporting period, Turkmenistan continued to align its legislation with standard international legal norms. However, due to unclear implementing provisions and, most importantly, a lack of political will, these new laws generally exist only on paper and do not significantly contribute to the promotion of democracy or the country's officially proclaimed free development. Turkmenistan is governed as a dictatorship and is considered to have one of the most restrictive political systems in the world, along with one of the worst human rights records.

The gas-rich country has been mired in an economic crisis since 2015 that continues to this day. High losses of purchasing power, a lack of affordable food supplies for the majority of the population, who has limited access to their own bank accounts, increased poverty and skyrocketing unemployment are clear indicators. The crisis is also reflected in a further escalation of corruption.

The population's discontent with their deteriorating living conditions has led to increased protests. Even political protests, albeit in hushed tones, were observed during the reporting period. The government has reacted by tightening budgetary strings, denying basic rights and freedoms and threatening punishment for even the smallest offenses. However, the main form of protest has been the unprecedented level of emigration of Turkmen abroad, primarily to Türkiye and Russia, resulting in a population decline.

At first glance, Turkmenistan's cooperation with foreign countries at the government level continued to develop quite positively during the reporting period. The country has participated in international meetings and forums on political, economic and cultural issues and has increasingly hosted such events. However, the goal of these activities is not to open up or democratize the country. Instead, there are three pragmatic reasons for the lively foreign contacts:

1. The government wants to enhance the country's reputation and attract new donors from abroad because it badly needs financing for natural gas and other industrial projects.
2. The country is seeking greater integration into international transport corridors – west-east and north-south – because its leadership sees transit business as a potentially rich source of income.
3. The government aims to demonstrate to the Turkmenistan people that the country's policies have high value internationally.

In the first years after Gurbanguly Berdimukhamedov assumed the presidency in early 2007, there was a tendency toward reviving the country's stagnant social and civic life. Berdimukhamedov implemented a series of liberal economic laws, encouraged private enterprise and established a formal multiparty system. The country's increased focus on large-scale projects in industry and transportation also garnered positive attention.

In the years that followed, beginning in 2012/2013, this gradual opening and liberalization came to a halt. Even after Serdar Berdimukhamedov, the son of Gurbanguly Berdimukhamedov, assumed the presidency in March 2022, there were no reforms. Throughout the 2021 to 2023 reporting period, there was no progress in developing democracy, improving human rights, developing the market economy or battling corruption.

The personality cult surrounding the old and new presidents is one of the most excessive in the world. This did not change at all during the reporting period. The tributes to Gurbanguly Berdimukhamedov, the “Arkadag” (protector) and National Leader, include eulogies and poems dedicated to him, as well as generous gifts and statues. At the end of 2022, the new capital of Ahal Province was named Arkadag.

On the occasion of Turkmenistan's 31st anniversary of independence (October 27, 2022), Gurbanguly Berdimukhamedov published his 58th Reference Book, this time dedicated to the national electricity industry. The regular exchange of presidential portraits in all public institutions, offices and classrooms in March/April 2022 – this time featuring the face of the new President Serdar Berdimukhamedov – came at a high cost for civil servants and their family members. The paintings and hand-knotted tapestries ranged in price from TMT 500 to 5,000 Turkmenistan (about \$150 to \$1,500) each.

In January 2023, a joint session of the parliament and public representatives made the decision to abolish the upper house of parliament, known as the Halk Maslahaty (People's Council), and establish a new, upgraded Halk Maslahaty to serve as the country's “supreme representative body” as a single-chamber organ. The Halk Maslahaty has the authority to oversee all branches of government, including the ability to amend the constitution and enact constitutional laws, initiate legislation, and determine both domestic and foreign policies. Gurbanguly Berdimukhamedov was appointed chairman of the Halk Maslahaty and concurrently given the newly created title of “National Leader of the Turkmen People.” The president and other governmental entities implement the Halk Maslahaty's decisions. Consequently, Gurbanguly Berdimukhamedov continues to hold a prominent position as Turkmenistan's foremost leader, albeit somewhat confusingly.

Berdymukhamedov Senior and Junior form a type of duumvirate, jointly deciding the course of politics, the economy and culture. Any alteration within the state machinery, including the courts, public prosecutor's offices and noteworthy endeavors in all sectors of society, necessitates a presidential decree. In Turkmenistan, one cannot accomplish anything without establishing direct personal communication with President Serdar Berdymukhamedov, the deputy prime ministers, the ministers or the chairman of the Halk Maslahaty, Gurbanguly Berdymukhamedov.

A detailed assessment of Turkmenistan's political and economic situation is challenging due to scattered and often falsified information and data. Official reports that celebrate successes in political and economic development sharply contrast with reality. In 2021, the International Monetary Fund and the World Bank ceased publishing official data from the Turkmenistan government due to its low credibility.

History and Characteristics of Transformation

Turkmenistan gained independence in 1991 with the collapse of the Soviet Union – a situation for which it was neither politically nor economically prepared. Saparmurat Niyazov, the first party secretary of the Communist Party of the Turkmen Soviet Socialist Republic, usurped Moscow's prerogative in decision-making and elected himself president of the newly independent state in direct elections held in October 1990. He remained president without term limits until his death in 2006.

Turkmenistan's first constitution, adopted in May 1992, declared the nation a presidential republic grounded in democratic principles and the rule of law. It ensured the separation of powers and fundamental civil and political rights for its citizens. Unfortunately, in practice, all types of political engagement were quashed, and an autocratic government was established, relying on intelligence services and the security apparatus to retain control.

Domestic legitimacy was established through a cult of personality surrounding President Niyazov, which imbued him with a larger-than-life public presence as the chief of all Turkmen (Turkmenbashi). The failed August coup in 1991 sealed the fate of Marxism-Leninism as a ruling ideology, leading to ethnic nationalism becoming the foundation of the new sociopolitical order. Consequently, the "Turkmenization" of state and educational institutions was aggressively pursued.

Turkmenistan faced significant pressure to adapt to the new situation in the 1990s as central planning by Moscow and Soviet-era producer and consumer relations dissolved. Export revenues from gas, oil and cotton, over which the state now had control, were insufficient to compensate for the loss of Moscow's budgetary financial transfers. Consequently, due to the declining shares in the Russian pipeline network, outstanding payments from the country's top customer (Ukraine), and a lack of investment in infrastructural maintenance and improvements, gas production plummeted by 85% from 87 billion cubic meters to 13 billion cubic meters between 1990 and

1998. Numerous factories were closed. In 1993, the government implemented free water, gas and electricity for households and began subsidizing basic foodstuffs and gasoline to alleviate the impact of high inflation and impoverishment on the population.

After gaining independence, Turkmenistan passed several laws, such as the ones on joint stock companies, entrepreneurial activity, denationalization and privatization of property to pave the way for a gradual transformation of the economy. However, the reforms stalled in the first years of Niyazov's tenure and came to a complete halt in the second half of his presidency.

The denationalization of the economy was limited to small actors in the retail and service sectors and to the most unprofitable enterprises in other sectors. Collective farms (kolkhozy) were dissolved in the mid-1990s, and peasant cooperatives emerged on the basis of lease contracts. However, the state continued to maintain control over land use and hold a purchasing monopoly on grain and cotton. As a result, agricultural incomes for farmers without access to good land and subsidized goods and services are still very low. The ecological degradation caused by decades of extensive cotton cultivation, which has rendered hundreds of thousands of hectares of land unusable, has further hampered the restructuring of the agricultural sector.

When President Gurbanguly Berdymukhamedov assumed office in early 2007, there was a surge of optimism throughout the country regarding potential progress toward a transparent, pluralistic and market-oriented state. However, this excitement quickly diminished, and any actual progress made has been minimal at best. The decision-making process is founded on the personal interests of the leadership. The prevailing pillars of the current regime are informal networks of patronage and deeply ingrained corruption. Berdymukhamedov's "state network" is constructed around an inner circle comprising roughly 80 to 100 loyal supporters and relatives, primarily hailing from his native Ahal Province.

Nothing changed in March 2022 when Gurbanguly Berdymukhamedov handed over presidential power to his son, Serdar. This is not surprising, as the father retained considerable power – as chairman of the reformatted, elevated Halk Maslahaty and in the newly created role of "National Leader of the Turkmen People." Consequently, Gurbanguly Berdimuhamedow continues to wield power very visibly as Turkmenistan's pre-eminent leader.

As before, members of the president's family and the inner circle continue to occupy all significant positions in politics, business (including trade) and education. They primarily use their rank as a source of private income. In addition, the proceeds from the export of hydrocarbons, mainly natural gas, provide a solid source of funding for the repressive apparatus, despite wide fluctuations in world market prices.

The president and his allies benefit from an intentionally low level of education in the country, political apathy, and the total absence of press and information freedoms. Additionally, the population is extremely fearful because any criticism of the regime results in reprisals against critics and their families.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The dominant positions of the national leader and the president form the foundation for the state's monopoly on the use of force, which functions and is secured throughout the entire territory of Turkmenistan. The exercise of state administration in the form of a presidential republic and the overriding roles of the president and national leader in directing and guiding domestic and foreign policy, legislation and economic, social and cultural development are enshrined in the constitution.

There is only a small circle of officials and advisers close to the president and national leader who are privy to policymaking. There is no competition for the state's monopoly on the use of force anywhere in the country. This also applies unreservedly to the control of state power. Rudimentary opposition groups can only be found at the regional level (especially in the capital region and Mary Province). They mostly come from the entrepreneurial community and tend to represent economic interests; they are not visible because they endure mass persecution from the security and police apparatus, and the president and his closest confidants are omnipotent. They have no opportunities to develop.

The great majority of the population supports the unity of the state and the legitimacy of the nation-state but would certainly like to see far more freedoms, democracy and justice in the country. The constitution guarantees all citizens equal rights, protection and opportunities for development (Articles 4, 5 and 25 to 65). In practice, these guarantees are not upheld. The rights of people without direct access to decision-makers and/or financial resources for bribes, socially disadvantaged people, dissenters and members of national minorities, and Turkmen tribes not belonging to the elite are regularly curtailed.

The range of restrictions on the population's civil liberties is wide. There is no freedom of movement or settlement. Citizens do not enjoy free access to elected representatives, employment in the public sector or public social services, including education. The right to a fair trial exists only on paper. The protection of private and family life, as well as the secrecy of correspondence, mail and telecommunications,

Question
Score

Monopoly on the
use of force

10



State identity

7



is not respected. Critics of the regime, disgraced officials, members of religious communities, students, young women, journalists, cultural workers and scientists, and often their families, are routinely denied permission to leave the country. Turkmenistan citizens living abroad are no longer able to renew their passports at consulates outside the country.

Citizens with registered residences in regions outside the capital Ashgabat have little chance of renting or purchasing an apartment in the country's metropolis. People from the regions who seek employment there must go through a bureaucratic approval process. Such permits are rarely granted. Naturalization of foreigners and stateless persons requires displays of great loyalty to the Turkmenistan state.

Turkmenistan is a secular state. Religion and state are formally separated in this predominantly Sunni Muslim society. Religious dogmas have little influence on political and legislative decisions or political institutions. For the majority of the population, however, Islam is part of their traditional national culture and history and serves to uphold their moral values, customs and traditions.

The president uses Islam as a pillar of his dictatorial power. Imams are appointed and controlled by the state and often called upon to survey the faithful regarding their opinions on political and social issues. A large portion of the urban population is only formally religious. There is very little observable religious fanaticism.

Very basic administrative infrastructure is in place throughout the country. It is particularly underdeveloped outside the capital. Implementation of annual plans and mid-term programs for infrastructure development in the provinces and rural areas is based only to a limited extent on actual needs.

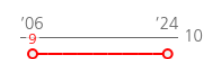
There are hardly any well-equipped hospitals outside Ashgabat, only two small universities and, for the most part, no stable central drinking water supply. Water deficits in the northern and eastern provinces of Dashoguz and Lebap, as well as in several cities in western Turkmenistan, are cause for concern. Most irrigation systems are dilapidated. Official figures showing almost complete coverage of access to a basic water source (100%), access to basic sanitation (99.4%) and access to electricity (100%) are vastly exaggerated and totally unreliable.

During the coronavirus pandemic, the population suffered major cuts in freedom of movement (both domestically and abroad) and – due to the massive hospitalization of patients suffering from COVID-19 – major curtailments in medical care. Planned operations, including important surgical procedures, were canceled altogether in some cases.

The already fragile quality and effectiveness of the state administrative, social and utility infrastructure deteriorated further during the reporting period. The reasons are manifold: they include a large investment backlog, waves of layoffs in the administration (most recently in the spring of 2022, after Serdar Berdymukhamedov took office, and in November 2022, following the beginning of a territorial reform), poor project planning and implementation, and the misappropriation of budget funds.

No interference of religious dogmas

9



1

Basic administration

5



1

A high degree of arbitrariness governs the president's rotation of civil servants, exacerbating the administrative structure's poor functioning. Government structures enjoy only a decorative function in terms of making most administrative decisions. Providing individuals close to government officials with well-paid positions in the public administration remains a key element of widespread nepotism and favoritism.

2 | Political Participation

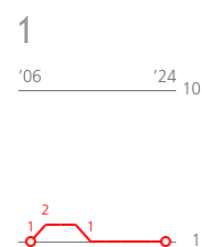
Universal suffrage is guaranteed by law. While former President Niyazov was appointed for life by a decision of the highest legislative body, the Halk Maslahaty (People's Council), on December 28, 1999, regular elections began to be held again in 2007 following his death. President Gurbanguly Berdymukhamedov, who held office until March 2022 and was declared the country's national leader in January 2023, garnered about 90% of the vote in the 2007 election and subsequently close to 100% in the 2012 and 2017 elections (the latter of which was for an extended seven-year term). The early presidential election on March 12, 2022 served solely to pass the baton from father Gurbanguly Berdymukhamedov to his 40-year-old son, Serdar Berdymukhamedov, who received 73% of the vote.

The electoral process in Turkmenistan is neither democratic and impartial nor free, fair and transparent. It is characterized by serious irregularities and a lack of independent reporting. In the 2017 and 2022 presidential elections, candidates from all three of the country's parties – the leading Democratic Party, the Party of Industrialists and Entrepreneurs, and the Agrarian Party – ran for the top office.

However, the latter two parties, an extension of the ruling Democratic Party, do not pursue independent policies. The representatives of these parties, as well as the candidates of regional initiative groups (mostly heads of local authorities and directors of state-owned enterprises), are only there for decorative purposes. Their nomination is intended to give credence to the electoral law and promote the idea of party pluralism in the country. In no way does it indicate the presence of a genuine opposition. The pre-selection of candidates forestalls competition while allowing for selection among the elite loyal to the system.

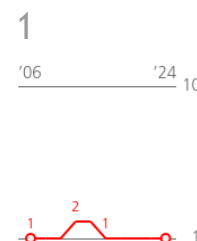
According to the constitution and current electoral law, only candidates who have lived in Turkmenistan for at least 15 years and who are active in state institutions, civil society organizations, businesses and other organizations may run in presidential elections. Potential candidates from the political opposition abroad are thus excluded. There is no opposition at home because of the repressive treatment of dissenters.

Free and fair elections



President Serdar Berdymukhamedov and his father Gurbanguly (who holds the post of National Leader of the Turkmen People and chairman of the supreme representative body, the Halk Maslahaty) continue to control the government and social life with a firm hand. The power duumvirate governs the basic directions and strategies in domestic and foreign policy. The president nominally appoints all key positions at the national, regional and local levels (including the heads of all ministries and upper state and regional authorities) and all of Turkmenistan's representatives in international organizations and bodies. He is simultaneously the head of state (president), chairman of the Cabinet of Ministers, commander-in-chief of the armed forces and chairman of the State Security Council.

Effective power to govern



The president approves and signs off on all political, economic, social and cultural development programs, including all program amendments and individual projects that are part of these development programs. The president appoints the editors-in-chief of all mass media in the country. In sum, the Berdymukhamedov senior and junior tandem has concentrated all state power in their hands. Independent political groups have no chance to participate in, contradict or challenge the existing power structures.

The constitution (of October 2016) and the Law on Assemblies (of July 2015) guarantee freedom of assembly. The law allows peaceful (private) assemblies, provided they are approved in advance and do not take place near government buildings or other locations specified by the state. Due to the repressive atmosphere in the country, however, it is impossible to hold assemblies without unpleasant consequences for the participants.

Association / assembly rights



Local spontaneous protests expressing dissatisfaction with central and local decisions occur only sporadically. During the reporting period, people primarily protested the lack of subsidized food supplies, wage and pension arrears, restricted access to funds in their bank accounts, and the excessive blocking of transportation routes at home and abroad because of the coronavirus pandemic. Security authorities immediately break up such protests, frequently with violence. Critics must expect punishment.



The right to establish and register social organizations is enshrined in the constitution, the Law on Political Parties and the Law on Social Organizations. As with other civil and political rights, the right of freedom of association does not exist in practice. Independent organizations exist only in isolated cases. Politically active civic organizations are de facto banned and official non-governmental organizations (NGOs) are hardly present. The few NGOs active in the country are subject to strict state control. In its human rights action plans, Turkmenistan has committed itself to creating favorable conditions for NGO registration, development and activity. These plans, however, only exist on paper.

The 2013 Media Law guarantees independent reporting and freedom of expression. Reality is the opposite. Turkmenistan is one of the states in the world with the least freedom of the press and media. It enacts complete surveillance of all media. Reporters without Borders (ROG) places the country at the bottom of its 2022 press freedom rankings, along with Iran, Eritrea and North Korea, out of 180 countries surveyed.

There are 23 small-circulation newspapers and seven magazines that are mainly filled with presidential eulogies, official announcements and success stories of state and state-related institutions. The publishers of all printed media are the president, the Cabinet of Ministers and selected other ministries. The president appoints editors-in-chief. Real political and economic content, not to mention critical articles, are absent.

The population has little access to foreign press and other printed matter. There were several cases during the reporting period in which critical journalists were fined and/or imprisoned for trumped-up charges or charges initiated from above.

The state monopoly on opinion and state control of the media also include the book market, radio, television and the internet. All seven Turkmenistan TV channels are state-owned. Free access to the internet, guaranteed by law since 2014, is curtailed. Internet traffic in the country is strictly controlled and censored by the state. All foreign internet sites, VPNs, online social networks, online media, messenger, cloud storage and file-sharing services the state does not like, as well as online platforms for creatives and designers (Behance and Dribbble), are repeatedly blocked. Creators of VPN servers on computers to bypass blocked sites face punishment and/or confiscation of their computer technology. High costs make the internet unaffordable for many users. Access to the internet (fixed and mobile) was estimated to be available to less than one-fifth of the population in 2022.

A number of internet portals claiming to be independent in fact mainly provide official information about Turkmenistan in an easily readable and summarized form. Information about the publishers of these portals is rarely available. Truly independent media can only report from abroad and are dependent on foreign funding. The only channels through which the population can inform itself freely about international events in the country are foreign television stations received via satellite dishes.

The lack of freedom of expression and openness took on grotesque proportions during the coronavirus pandemic. The government did not report a single COVID-19 illness or death. Trustworthy information about the critical situation in managing the pandemic, the major deficiencies in the health care system, the spread of the disease and deaths was disseminated only sporadically in foreign media.

Freedom of
expression

1

'06 _____ '24 10

1 ————— 1

3 | Rule of Law

Turkmenistan’s constitution enshrines the separation of powers. In practice, there is a wide gap between constitutional provisions and reality. The leadership continues to rule the country by decree, affecting all spheres of society. The legislative and judicial branches are dominated by the executive branch and the “supreme representative body,” the Halk Maslahaty, which effectively serves as an ill-defined fourth branch of power. The dependent judiciary provides a vast scope for abuse for political purposes.

The president appoints all senior civil servants and removes them or transfers them to other posts at will. Only he and his father, Gurbanguly Berdymukhamedov, may officially criticize the work of ministries and other state agencies.

In 2017, Turkmenistan reorganized the Council of Elders into a new People’s Council (a People’s Council had existed under the former president but was abolished in 2008). A constitutional amendment of September 25, 2020 established a bicameral parliament, the National Council (Milli Gengesh), scheduled to begin work on January 1, 2021. The People’s Council became the new parliament’s upper chamber. It consisted of 56 members, eight of whom were appointed by the president. The remaining 48 were elected by secret ballot (indirectly) at the meetings of people’s councils in the five provinces and the capital for five-year terms. From April 2021 on, the chairman of the People’s Council was Gurbanguly Berdymukhamedov.

In January 2023, a joint session of the parliament and public representatives issued a decision to abolish the upper house of parliament and create a new, upgraded Halk Maslahaty to act as the country’s “supreme representative body.” The Halk Maslahaty is empowered to supervise all branches of rule with the right to change the constitution, adopt constitutional laws, take legislative initiative, and determine domestic and foreign policies. The president and other state bodies execute the Halk Maslahaty’s decisions. Gurbanguly Berdimuhamedow was appointed chairman of the Halk Maslahaty by presidential decree and simultaneously granted the newly created role of “National Leader of the Turkmen People.”

The legislature reverted back to a single-chamber organ known as the Mejlis, consisting of 125 deputies selectively determined in advance and then formally elected. With the establishment of the overarching Halk Maslahaty and his new title of national leader, Gurbanguly Berdymukhamedov has secured a great deal of power for himself, even after handing over the presidency to his son, Serdar Berdymukhamedov. Ultimately, state power in the country is now divided between two members of the Berdymukhamedov family. Hence, the new Halk Maslahaty also undermines the principle of separation of powers in Turkmenistan.

Separation of powers

2

'06 '24 10

2

1

Formally, the judiciary is institutionally differentiated, independent and established at all administrative levels. In practice, however, it is highly politicized and an integral part of the administrative command structure. Enforcement and changes to legal norms depend on the personal vagaries of the leadership. Judgments handed down are corrected by the president “when necessary.” Rampant venality, arbitrariness and clientelism are widespread. Obtaining a rare place in law school and procuring employment as a judge or lawyer are not possible without the payment of bribes. The cost of a “successful” matriculation can amount to several tens of thousands of U.S. dollars. In this respect, nothing has changed in recent years.

The attorney general, his deputies and judges are appointed by the president for five-year terms (with the possibility of reappointment for five years). They remain dependent on him while in office. Licenses for lawyers are issued by the Ministry of Justice. Neither the practice of awarding licenses nor the procedures in the court system are transparent. There is no independent judicial control or auditing. Even international auditing firms are required to cooperate with state institutions and have severely limited access to facts and data. There is still no constitutional judiciary and no new law on the legal status and activities of lawyers since Turkmenistan became independent in 1991. A reform of the judiciary and police, announced back in 2016, has yet to materialize.

Abuse of office is an integral part of the system of rule in Turkmenistan. The practice of the state buying the loyalty of its employees by granting them “additional opportunities to earn money” (albeit not openly) did not change during the reporting period. The official press regularly publishes heavily filtered information in which the president criticizes corruption, singles out allegedly corrupt officials, punishes them on the basis of “applicable law” and confiscates their assets.

These activities have little in common with genuinely fighting corruption.

The main motives for denouncing abuse of office are dismissing and punishing officials who have fallen out of favor for a variety of reasons, such as: failing to share income with the authorities, exploiting their positions to build up and expand their own sources of income, needing to designate scapegoats to blame for the deterioration of the social and economic situation in the country or to demonstrate pursuance of an “anti-corruption policy.” Punishments mostly affect people critical of the “state,” who have made decisions on their own authority or whose positions will be filled by other officials who have gained official favor.

During the reporting period, dozens of high-ranking public officials in politics, business and education had to vacate their chairs due to “corrupt behavior.” Often, the reason behind the removal was to dismiss disgraced officials who had committed acts of corruption above the “usual level.” Purely political reasons are also not uncommon.

Independent judiciary

2

'06 _____ '24 10



Prosecution of office abuse

2

'06 _____ '24 10



In sectors particularly affected by corruption (e.g., public education and health, customs, taxation, justice, the security services and police, and the oil and gas industry), incidents of corruption are prosecuted only sporadically and almost exclusively for unrelated, arbitrary reasons. The political, economic and legal system in Turkmenistan, which is based on a corrupt network, leaves no room for systematic punishment of abuse of authority.

Civil rights are systematically violated. Constitutional protection of privacy and citizens' access to justice, including the rights to effective legal assistance and fair trials, are not guaranteed. Private property rights are disregarded. Every year, many residents are forced to abandon their homes and apartments to make way for the building of prestigious public buildings. They receive no compensation.

In Turkmenistan's strongly patriarchal society, women often have no say in arranged marriages and rarely have access to upper-level positions in politics and business. Legal protection for women is severely lacking. Their rights have been severely curtailed since the ascension of Serdar Berdimuhamedow to the presidency. Young conscripted men who refuse to serve in the armed forces due to health problems, conscience or religion are punished with prison sentences, even if they have valid medical issues. There is no alternative to military service.

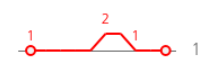
Same-sex relationships between adults are criminalized. The government's announcement in 2020 that same-sex voluntary sexual acts would no longer be prosecuted has not been realized; in the new Criminal Code, which has been in force since the beginning of 2023, such acts can still be punished with a prison sentence of two years.

The common practice of forcing public servants, including teachers and doctors, as well as school-age children, to harvest the cotton crop, plant and maintain green spaces, and clean public prestige roads and squares – under threat of punishment in case of refusal – has not changed during the reporting period. Employers continue to regularly violate labor regulations, including those governing wage payments, agreed-upon working hours, and occupational health and safety.

The civil rights of national minorities are violated in all spheres of society. In the provinces of Dashoguz and Lepab, which have sizable Uzbek ethnic populations, there is not a single school with Uzbek as the language of instruction. Only one school in Ashgabat still teaches in Russian; schools offering Russian-language classes are rare and hopelessly overcrowded. Members of national minorities are marginalized in the civil service.

The National Security Service watches, bullies and harasses members of the political opposition and their families. Nothing is known about the fate of the people convicted in connection with the failed assassination attempt on former President Niyazov in 2002, despite numerous international attempts to gain information.

Civil rights



According to the online portal World Prison Brief, with 35,000 prisoners (2021), Turkmenistan ranks among the top three countries in the world in terms of the number of prisoners per capita. They are deprived of their constitutional rights. Prisoners of non-Turkmen nationality face particularly severe discrimination. Rampant corruption and physical, psychological and sexual torture are widespread in prisons, penal camps, police stations and security agencies. Pardons for prisoners can be bought (for around \$1,000 to \$2,000).

Inmates suffer from catastrophic sanitary conditions, a lack of medical care and malnutrition. This situation worsened massively during the coronavirus pandemic. Political prisoners often receive new multi-year sentences while incarcerated for alleged violations of prison rules, unfounded accusations pertaining to additional crimes or simply because of the possibility they could pose a danger to society once released. Fearing reprisals, including against family members who are not incarcerated, prison inmates rarely report their tormentors.

The state limits the guaranteed right to freedom of religion and belief to a narrow margin. It censors and controls religious activity through the Councils for Religious Affairs (CRA). New regulations on religious practice, religious organizations and their control adopted in 2016 and 2020 have further tightened control of religious activity in the country.

Officially regulated religious communities include congregations of the Russian Orthodox, Roman Catholic and Armenian Apostolic churches, the Evangelical Free Church of Greater Grace, and the Hare Krishna movement. Activity by unregistered religious groups and congregations is prohibited. The import and publication of religious texts is severely limited and controlled. Active members of religious communities are monitored. Believers who ascribe to a faith not accepted by the state face harsh penalties such as fines and arrests.

In 2021, as in previous years, the World Persecution Index (WVI) of the interdenominational Christian charity Open Doors listed Turkmenistan among the 25 countries in which Christians are most persecuted by police, intelligence services, local authorities and Muslims. Christian converts of Muslim origin are often forced to readopt Islam by means of pressure or physical violence.

4 | Stability of Democratic Institutions

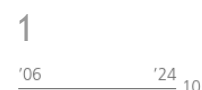
The criterion of democratic institutions' stability is not applicable to Turkmenistan because democratically functioning institutions do not exist in the country. Turkmenistan's institutions are completely subjugated to the authoritarian system of the "presidential duo" under the decisive leadership of Gurbanguly Berdimuhamedov and his entourage. At best, there are only very vague "traces of democracy," limited to insignificant decision-making processes.

The constitution formally postulates the separation of powers, but, in reality, the president and the national leader govern the country by decree and make decisions that are within the remit of the government and the legislature. As of January 2023, the People's Council – chaired by former President Gurbanguly Berdimuhamedow – is the supreme organ of representative power. It has the ability to change the constitution, adopt laws, and formulate domestic and foreign policy.

There is not even the slightest indication of a shift toward democratically functioning institutions. This would require not only political will but also a fundamental restaffing of all institutions with reform-minded and professionally qualified public servants. The country is miles away from both of these conditions.

Dictatorial power leaves no room for the functioning of democratic institutions. Seemingly democratic institutions are a key component of the autocratic regime. This is true of the Institute of State, Law and Democracy, which was established in 2018 and reports directly to the presidential office. The institute is only concerned with describing political legislation and not with analyzing the democratic process. An equally weak institution is the Office of Ombudsperson for the Protection of Human Rights and the Protection of Citizens Against Unlawful State Action, which was created in 2017. The ombudsperson's annual reports do not critically examine human rights problems but rather praise the policies of the state and the president. In 2021, the ombudsperson received only 355 complaints and inquiries (down from 1,725 complaints submitted in 2018 and 2019). This included 75 complaints related to civil and political rights (court rulings, issuance of passports, residence registration, entry and exit). Only a small number of these were decided in favor of the applicants. Neither of these institutions has had any effect on the democratic performance of the country's institutions.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

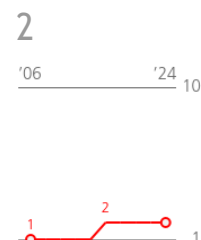
With the adoption of a law on political parties on January 15, 2012, then-President Gurbanguly Berdimukhamedov paved the way for the introduction of a multiparty system. In recent years, there have been two alternative parties to the state party, the Democratic Party: the Party of Industrialists and Entrepreneurs and the Agrarian Party. These are neither independent nor opposition parties. None of the three parties can steer and advance democratic processes in the interest of the general population because of the omnipotence of the national leader, the president and their entourage.

The alternative parties are merely a cover for the officially propagated party pluralism. They unreservedly support the policies of the leadership and the state party and, to a limited extent, perform state management functions and control the country's nascent private entrepreneurship and very limited implementation of the government's program for the development of rural regions and food production. Neither in the short nor in the medium term will these parties achieve any degree of independence from the state and the government.

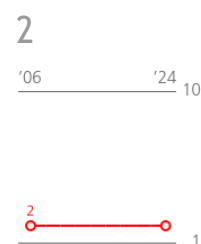
Civil society interest groups are markedly under-represented in Turkmenistan's political system. Only a handful of interest groups exist in the country for social support and environmental concerns. These include Ýeňme (social services for the needy, disabled and other disadvantaged groups), Keikokora (support/care in cases of domestic violence, counseling for the needy), Ecodurmush (environmental projects) and the Society for the Blind and Deaf. These interest groups are subject to strict state control, especially as recipients of grants from international donor banks and funds, and are almost exclusively based in the capital Ashgabat.

Interest groups promoting democracy, sustainable economic development or labor relations do not exist. Permission is simply not granted for such groups. They would also have no chance to develop because of the repressive political system. There are also no business associations in the country, no independent trade unions and no professional associations. The only representative of the interests of the private sector is the state-controlled Association of Industrialists and Enterprises of Turkmenistan, which is heavily influenced by the economic interests of the leadership and its entourage.

Party system



Interest groups



There are no surveys of the population's attitude toward democracy as a form of government in Turkmenistan. Private conversations between foreigners and Turkmenistan citizens on the sidelines of international forums, congresses and sports competitions, as well as isolated comments Turkmenistan citizens publish on the Internet, show that only a small segment of the population articulates a desire for more democracy.

Approval of
democracy

n/a

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Some remote forms of protest by the population against government policies occurred during the reporting period. These are less political in nature than expressions of dissatisfaction with the social situation in the country (food supply, labor market, freedom of movement). There have been repeated protests by Turkmenistan citizens abroad against Turkmenistan's government policies (including most notably in Türkiye).

n/a _____ 1

Primarily, people with a high level of education and citizens who have experienced democracies while traveling or living abroad express the desire to change society. The real potential for protest is undeniably greater. Many people in Turkmenistan dare not make critical statements for fear of the authorities' severe reprisals against themselves and family members. At the same time, there is no question that a large part of the population, including residents in regions outside the capital, is simply uninformed about democratic processes and practices and their rights as a result of the state's one-sided information policy.

Civic self-organization was at a low level during the reporting period. The state massively suppresses and controls self-organization, with the result that there is little trust in the country. Trust exists only in personal relationships. Services in the education, health and social sectors are provided almost entirely by state institutions and organizations and are strictly monitored. They offer little freedom for self-organization. Even the farmers' cooperative and the association of industrialists and entrepreneurs are forced into a tight corset of state regulation at the central and local levels.

Social capital

2

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Self-help groups, almost always informal networks, exist mostly on an ad hoc basis in the form of informal personal relationship networks for the provision of services previously provided by the state or collective farms (for example, the construction and maintenance of housing or material assistance to people in need). Independent groups are subject to state repression, such as surveillance and constant monitoring, as well as bans. Private institutions backed by foreign funding are allowed to operate only under strict state control.

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II. Economic Transformation

6 | Level of Socioeconomic Development

The Gini index, compiled by the World Bank and indicating the degree of inequality in income distribution within a country, is not reported for Turkmenistan due to a lack of data. This also applies to the U.N. Gender Inequality Index (GII).

Turkmenistan scored 0.745 in the United Nations Human Development Index (HDI) for 2021/2022, classifying it as a country with a high level of human development. The inequality-adjusted Human Development Index (IHDI) is 17 percentage points lower, reflecting significant disparities in education, health and income.

However, market experts consider the HDI indices to be overstated. The main reasons they cite are: overstated gross national income per capita based on unrealistic national data; inadequate consideration of population groups with limited or no opportunities for participation in society; and insufficient attention to qualitative factors in the education and health sectors.

Great poverty and inequality in opportunities are deeply rooted in Turkmenistan society. These primarily affect members of the titular nation who do not belong to the leading Teke tribe, the majority of the rural population or ethnic minorities. During the reporting period, poverty rates and a lack of opportunities for the majority of the population increased as a result of the difficult economic situation.

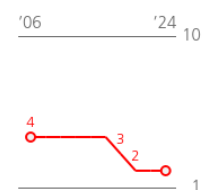
Critical observers at home and abroad estimate that approximately one-third to 45% of the population live below the poverty line. Most farmers, referred to as rural dwellers, engage in subsistence farming. International observers report that the real unemployment rate surpasses the officially reported rate (4% to 5%) by a factor of approximately 10. A significant segment of the population lacks access to medical care and secondary education due to financial constraints or the unavailability of medical and educational facilities in impoverished regions.

Experts from the Association of Economists of Turkmenistan estimate that Turkmenistan's small political and economic elite owns at least three-quarters of the private assets in the country. The elite centralizes revenues from the export of hydrocarbons and other resources, implements state-funded prestige projects and diverts public money into its own pockets. It is the main beneficiary of the differences between the official and unofficial exchange rates of the Turkmenistan manat against the U.S. dollar.

Question
Score

Socioeconomic
barriers

2



Economic indicators		2019	2020	2021	2022
GDP	\$ M	44220.3	45610.6	-	-
GDP growth	%	6.3	-3.4	-	-
Inflation (CPI)	%	-	-	-	-
Unemployment	%	4.2	4.8	4.8	5.0
Foreign direct investment	% of GDP	4.2	3.1	-	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	15.3	13.1	10.1	5.8
External debt	\$ M	6515.8	5636.0	4851.0	-
Total debt service	\$ M	2160.6	2093.0	1651.7	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	3.2	3.8	-	-
Public health spending	% of GDP	1.0	1.0	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

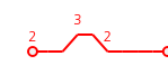
7 | Organization of the Market and Competition

The foundations for fair competition in a market economy do not exist in Turkmenistan. The economic system is characterized by central administration, a planned and command economy, an almost exclusively state-run banking system and widespread corruption. Within the sector of small and medium-sized private enterprises, including individual entrepreneurs (tradesmen), there are some elements of economic competition.

Market organization

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However, even these economic entities can only develop within the framework of the Union of Industrialists and Entrepreneurs, which the state directs and controls. They must comply with stringent state regulations and rely on the support of the union and state administration to execute projects. The state continues to supervise and regulate bazaars, including specifying prices for numerous products.

The state continues to control and direct all key sectors of the economy and the export business. This applies to the oil and gas, electricity, cotton (production and ginning), and telecommunications sectors, as well as most manufacturing capacities. For cotton and grain, the state enforces purchasing and trading monopolies at prices below world market levels.

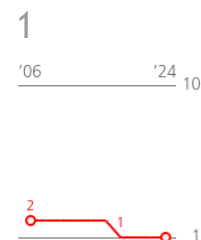
With the exception of commitments in oil and gas production – mainly production-sharing agreements in capital-intensive and technologically demanding offshore production – there is only a relatively small volume of foreign direct investment, particularly in the textile, food and electronics industries. The reason for this lack of investment is the absence of investment freedom, which severely limits entrepreneurial freedom, and a lack of legal certainty. Other obstacles include rampant corruption, the extensive size of the informal sector, the continuous and significant interference of the state in entrepreneurial affairs, and substantial difficulties in currency conversion (converting Turkmenistan manat into foreign currency).

The size of the large shadow economy is difficult to quantify, but it probably exceeds 50% of gross domestic product. The shadow economy's main drivers include pronounced favoritism and nepotism among the elite, rampant corruption and bureaucracy, the poor quality of public institutions, the lack of trust in government offices, the significant deficiencies in the rule of law, the precarious situation of the labor market and, last but not least, nontransparent monetary and foreign exchange policies.

There is no anti-monopoly legislation in Turkmenistan. There is no indication that the government intends to introduce it. The amended Law on State Support of Small and Medium-Sized Enterprises prohibits the restriction of rights and legal interests, anti-competitive price agreements and restrictions on market access for small and medium-sized enterprises. However, these regulations, enshrined in Article 17 of the law, are exclusively declarative in nature. They are not reflected in any other legal act, and there are no provisions for procedural actions in the event of non-compliance.

All strategic and nearly all highly profitable business sectors are firmly under governmental control, specifically in the hands of the top leadership and its inner circle. The highly lucrative market for luxury goods, consumer electronics, household technology, various building materials and luxury foods (such as tobacco products) is primarily concentrated in the families of the highest-ranking officials. The trade of other consumer goods and a wide range of capital goods may be conducted with some

Competition policy



degree of freedom but is subject to state regulations and control in many aspects. Frequently, it is undermined in order to generate additional financial resources for high-level government officials and their close relatives.

Competition is nearly nonexistent in the state's procurement practices. Contracts are typically awarded to companies that have close connections with the government. Companies that offer "additional services," which often involve bribes of significant sums, receive tender invitations. Decision-makers affiliated with the tendering authorities, as well as employees of local companies and banks involved in the projects, receive these bribes. Additionally, companies may co-finance local social infrastructure projects and state prestige events.

The scope of official tariff barriers (duties, levies) and non-tariff and protectionist barriers (technical regulations, trade quotas and bans) is relatively small. Import duties are levied on 85 product groups. These are mostly low. The list of tariff rates is available at the customs authority's internet address: <https://www.customs.gov.tm>. However, there are other significant obstacles to free foreign trade. These include extensive state control, lengthy and sometimes costly bureaucratic procedures for export and import transactions, nontransparent customs clearance of goods, significant problems in foreign currency conversion, large corruption-related unofficial tariff and non-tariff trade barriers, and time-consuming procedures to obtain visas for business trips to Turkmenistan.

Through the State Commodity Raw Material Exchange of Turkmenistan, the government maintains a state monopoly on foreign and wholesale trade, as well as control over a significant portion of commodity flows in exports and imports, and volumes and price levels of many raw materials, semi-finished goods and intermediate products.

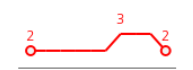
During the reporting period, nontransparent monetary and foreign exchange policies, as well as increased corruption in licensing and customs offices, further complicated the import business and its financial management. The government, or rather the president and the national leader, are politically unwilling to devalue the national currency (Turkmenistan manat) against the U.S. dollar, which is long overdue. Only companies close to the leadership, a few important state-owned enterprises and, to a limited extent, economic entities that are members of the Union of Industrialists and Entrepreneurs can realize imports at the favorable official exchange rate. All other importers suffer from the massive increase in the cost of obtaining foreign currency (acquisition at the black market rate) and generally severe restrictions on access to foreign currency.

An interministerial commission the government established in 2013 has been preparing for Turkmenistan's possible membership in the World Trade Organization (WTO). The country received WTO observer status in July 2020. In November 2021, Turkmenistan submitted an accession request to the WTO Director General. In

Liberalization of
foreign trade

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February 2022, the country received official applicant status. However, a real willingness to transform the trade regime, the financial and banking system, and the legislation governing international trade (customs/taxes, insurance, export financing) to conform to a market economy is not evidenced. Therefore, accession to the WTO in the foreseeable future is unlikely.

Turkmenistan formally has a two-tier banking system. Three state-owned banks dominate banking in the country: Turkmen Vnesheconombank (foreign trade and project finance), Dayhanbank (agricultural sector) and Turkmenbashi Bank (extraction and heavy industry, transport/telecommunications, construction and trade).

The State Development Bank of Turkmenistan finances large state projects. The private Turkmenistan credit institution Rysgal, which operates under the umbrella of the Union of Industrialists and Entrepreneurs, is ultimately also state-controlled. All other banks operating in the country, with one exception – the Turkmenistan Turk JSC Bank – are entirely state-owned. The Turkish universal bank T.C. Ziraat Bankası A.Ş. and the state-owned Turkmenistan Dayhanbank each hold a 50% stake in the Turkmenistan Turk bank.

Since 2012, commercial banks have been required to publish their audited balance sheets in accordance with International Financial Reporting Standards (IFRS). According to internal central bank data, the total assets of all institutions amounted to about TMT 136 billion (\$38.8 billion) as of January 1, 2021. At the end of 2021, the balance sheet total of the largest market player, Turkmenistan Vnesheconombank, was equivalent to \$8.4 billion, and its capital adequacy ratio was 5.6%. Rysgal Bank reported total assets of \$1.7 billion at the end of 2021.

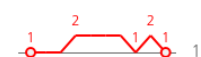
The central bank's status is far from independent. It continues to function as a commercial bank, overseeing the accounts of the state's main players in the oil and gas sector and substituting bad loans from state-owned enterprises with new ones. The president determines the central bank's activities, as well as the business practices of all banking institutions. There is neither an independent financial supervisory authority nor a capital market.

The nontransparent banking system suffers from a severe shortage of cash and foreign currency. Several companies that must procure foreign currency for production have ceased operations in Turkmenistan as a result of persistent conversion problems. Neither companies nor individuals are guaranteed unhindered access to their own accounts. The state transfers wages, pensions, and social benefits to public employees, pensioners and other population groups almost exclusively on cash cards – cardholders can withdraw cash only in limited amounts.

Data on the proportion of nonperforming loans in Turkmenistan's loan portfolio is unavailable. Nevertheless, there are signs that the indebtedness of private construction firms surged significantly during the review period, particularly during the coronavirus pandemic. Private construction firms frequently struggle to repay

Banking system

1
'06 _____ '24 10



loans promptly or at all due to the government's failure to fulfill its payment responsibilities as the primary contractor for construction projects or its insufficient fulfillment thereof. Additionally, numerous public employees laid off in recent years encounter difficulties servicing the loans they acquired to finance residential properties.

8 | Monetary and fiscal stability

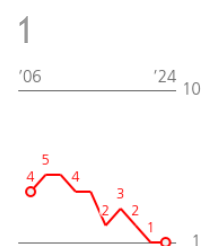
Turkmenistan's currency (the manat/TMT) is not freely convertible. On January 1, 2015, due to the turmoil on the international oil and gas market, the massive depreciation of the Russian ruble (Russia accounts for one-fifth of Turkmenistan's exports) and mismanagement of foreign exchange and monetary policy, the central bank devalued the manat to an exchange rate of 1 U.S. dollar = 3.50 manats. This rate remains in effect today, although economic conditions required a further devaluation long ago. After enormous fluctuations in 2020 and 2021, the parallel exchange rate (black market rate) settled at a level of about five times the official exchange rate in spring 2022.

The ongoing shortage of foreign currency on the Turkmenistan financial market during the reporting period resulted in additional significant restrictions on currency conversion. With the exception of state-owned enterprises involved in important projects, the construction of prestigious buildings or the fulfillment of imports authorized by the president, only entrepreneurs with close ties to or who support the national leadership are able to exchange foreign currencies at the official rate. Other entrepreneurs and the general population are subject to restrictions on currency exchange.

Because of the high parallel exchange rate, the prices of many imported consumer goods (food and non-food), intermediate products and supplies for the needs of domestic production are now significantly higher than before. The president's family clan and networks benefit from the current foreign exchange policy because they can cover their foreign exchange needs using the favorable official exchange rate. This is also a significant reason for the government's lack of interest in addressing the currency crisis.

The unresolved currency problem is also one of the main causes of inflation, which has been high for years. Real inflation is at least double to triple the official government figures (2021: 9.6%) and also exceeds the estimates of international donor banks (IMF 2021: 15.0%). The basket of goods used to determine price increases does not reflect the population's needs. It includes too few services and hardly any imported consumer goods. The basket of goods mostly incorporates a small number of state-subsidized foodstuffs.

Monetary stability



The president made ineffective announcements about curbing inflation during the reporting period due to the government's unwillingness to address deficiencies in monetary and fiscal policy. The central bank lacks the authority to independently formulate and execute policies to adjust the official exchange rate to bring it in accordance with the country's economic conditions and needs.

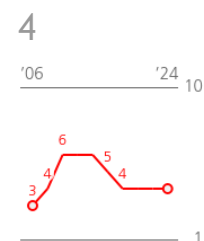
Macroeconomically, Turkmenistan was in a comfortable position until the outbreak of the economic and financial crisis in 2015, thanks to high revenues from the export of oil, gas and oil products. After 2015, the economic situation deteriorated due to massive export slumps. Budget revenues in 2019 and 2020 were estimated to be only 35% of the pre-crisis level in 2014.

Large expenditure cuts – investments, imports, administration – allowed the state budget to return to a largely balanced position in 2018/2019, according to official data. During the period under review, government revenues picked up again thanks to rising prices for hydrocarbons. Officially, the government reported state budget revenues for 2021 at the equivalent of \$26.0 billion and expenditures at \$25.7 billion. External debt at the end of 2021 was only 8% of GDP and public debt was 11.5% of GDP.

It is not possible to present an objective picture of Turkmenistan's fiscal policy. The limited data and information available are unreliable, embellished and not meaningful. The government does not publish information on its current account, public and foreign debt, public consumption, foreign exchange reserves or other fiscal matters – or does so only sporadically and incomprehensibly. Information regarding items on the revenue and expenditure sides of the budget is also withheld. The reintroduction of barter transactions in the public sector (ministries and other state institutions) in 2022 is an indicator of a continuing tight budget situation and the banking system's difficulties.

The data from international institutions – the International Monetary Fund and donor banks – must be taken with several grains of salt, as it relies on unreliable information from the Turkmenistan government. It is unclear to what extent these figures take into account the numerous extra-budgetary funds and other budgets the president or national leader and their close entourage manage. There are no signs of a fiscal policy that would contribute to the country's healthy socioeconomic development.

Fiscal stability



9 | Private Property

The guarantee and protection of property rights and the acquisition of property are formally enshrined in the constitution and other laws. In practice, property rights are often disregarded. Minor offenses, such as failure to pay taxes or missing licenses and permits – or alleged or contrived offenses – are regularly punished by confiscation of personal and, in some cases, business properties.

People who run successful companies must contend with the possibility of individuals with close ties to high-ranking officials taking over their businesses, even if only for competitive reasons. In Turkmenistan, it is a widespread practice to forcefully relocate and expropriate residential buildings and entire settlements in the name of “state interests,” often without any justification, prior notice or fair compensation.

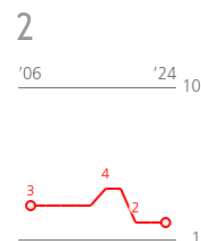
In many residential areas, the state administration dismantles satellite dishes at regular intervals without prior notice. The official reason is that they make for an unattractive cityscape. However, the true motivation is that the state does not want citizens to watch foreign TV. During the reporting period, local governors continued the practice of issuing orders to destroy privately operated fruit and vegetable plantations on fallow land. The sole reason for this practice was the tenants’ failure to fulfill the state plan for the cotton harvest, even in situations when adverse weather conditions and/or a lack of water resources made it impossible to do so.

Domestic and foreign investors are not protected from the expropriation of their assets. This danger is also reflected in the Heritage Foundation’s annual Property Rights Index. Turkmenistan is listed in the ranking with one of the lowest values worldwide for the protection of property rights. The situation is also critical with regard to protecting copyrights.

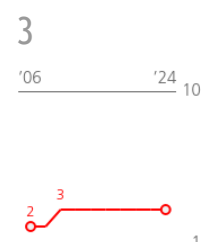
The Turkmenistan economy is a centrally controlled state economy. Private activities are dominant only in the retail sector (bazaars and markets) and in some service sectors. In manufacturing and construction, as well as in wholesale trade (including imports), a slowly growing number of private actors has emerged since the establishment of the Union of Industrialists and Entrepreneurs of Turkmenistan in 2008. At the end of 2022, the association had approximately 27,000 members (including players in the agro-industrial complex), although only half of them were economically active as of early 2023. The union also includes more than 100 private transport and logistics companies, most of which were founded within the last three to four years.

The union is officially independent, but the state coordinates and strictly regulates it in practice. It conducts its activities on behalf of the state and therefore in the interests of the presidential entourage. Entrepreneurship has not resulted in improvements in the business environment for private sector activities. One major obstacle to sustained, stable activity is the lack of judicial independence. Doing business and investing in Turkmenistan continues to be a high-risk gamble that is difficult to calculate.

Property rights



Private enterprise



Business projects are often politically motivated and require navigating numerous bureaucratic obstacles. Contracts for significant and extensive projects, including commercial transactions, are frequently granted to individuals or companies with close ties to the national leader and their trusted associates. These projects often serve as a means to launder embezzled funds and/or eliminate unwanted competitors. In any scenario, aspiring entrepreneurs must have relatives and/or close friends in the government, connections to influential networks and access to financial resources from these networks in order to successfully carry out their business endeavors.

The implementation of privatization has recently focused almost exclusively on the sale of unfinished buildings and economically ailing enterprises. The vast majority of large manufacturing enterprises remain in state hands. In fall 2022, the government announced a new push for privatization through auctions, which will include the sale of industrial enterprises. However, it is unlikely that the initiative will be consistently implemented.

10 | Welfare Regime

Currently, the social security system consists of two basic pillars: state subsidies for limited quantities of food, water, gas and electricity consumption and rudimentary protection for disadvantaged population groups. There are virtually no safety nets for the unemployed or individuals at risk of unemployment. Additionally, Turkmenistan does not have an effective public safety net for those who are particularly needy and who ultimately rely on assistance from family and neighbors, support from village communities and handouts from those who are more financially secure than themselves.

The population's food security problems worsened during the reporting period. The quality of subsidized foodstuffs in state-run stores – the main means for providing the poor with affordable food – has worsened, and their quantities have continued to shrink. The reasons for the negative trend are import restrictions due to a lack of foreign currency, production bottlenecks and nontransparent (corruption-prone) distribution channels. The consequence is increasing malnutrition among people who cannot afford to buy food at market prices. In many places, subsidies for water, gas and electricity cannot keep up with the high costs associated with installing and operating electricity, water and gas meters.

However, a cooperation program between the United Nations and the Ministry of Labor and Social Protection of the Population of Turkmenistan, spanning from January 2020 to June 2022, did yield certain improvements to social policy for the elderly, the sick and other specific-needs groups. The primary objective of this program was to establish accessible, high-quality, inclusive social services within communities.

Social safety nets

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Before the program began, the public network of social services was primarily focused on residential care for approximately 6,000 elderly and disabled individuals, which accounts for 0.01% of the population. However, following the program's completion, the number of beneficiaries increased significantly to comprise 0.02% of the population. The beneficiaries now include children with special needs who live at home, socially disadvantaged women and others. Additionally, the program's completion resulted in an expanded array of available services, achieved through the successful implementation of 12 new services via pilot projects. Notably, the program also marked a milestone as it allocated public funds to finance the employment of 45 specialists, social workers, who will provide social services outside of inpatient institutions. For further advancement, social services will be integrated into the curricula of universities and academies starting in 2022/2023.

The updated National Plan for the Development of Social Services envisions that up to 2% of the vulnerable population will be covered by publicly funded services by 2030. However, given its track record, the government is unlikely to commit to the project.

Equal opportunity is constitutionally guaranteed to all citizens, including people with disabilities, regardless of nationality, creed or social status, but does not exist in practice. During the period under review, the already-pronounced inequality in access to economic, social and cultural benefits worsened as a result of the continuously deteriorating socioeconomic situation in the country.

Members of national minorities, non-Muslims and stateless persons face great challenges exercising their rights. The difficulties arise from the elite-driven "Turkmenization" of society, as well as the frequently high costs – including bribes – associated with obtaining public service positions or securing a spot for education or training, which are often scarce. The only exception to these restrictions is in general education schools, where attendance is unrestricted. Consequently, the enrollment rate in these schools is high, and the literacy rate surpasses 99%, according to the World Bank and UNICEF.

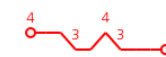
Citizens of non-Turkmen ethnicity have been disproportionately affected by regular waves of dismissals since 2015/2016. Most members of the non-Turkmen ethnic group have no choice but to earn a living in low-income jobs in the agricultural sector, retail or transportation. They have little social security. People of the titular nation face similar obstacles if they are not well integrated into informal networks, lack contacts with decision-makers or cannot afford the often-lavish financial "expenses" for obtaining a new job.

The situation of women in society remains critical. Although women are legally equal to men, they do not have the same opportunities due to cultural prejudices. Women rarely hold high offices, are severely under-represented in the civil service and the entrepreneurial class, and often perform poorly paid and low-skilled work. The official figures for women's employment (40% to 45% of total employment) are implausible. The actual employment rate is considerably lower.

Equal opportunity

3

'06 _____ '24 10



1

The main reason for systematic discrimination against women in Turkmenistan is the strictly patriarchal social order. The new president, Serdar Berdymukhamedov, has been in office since March 2022 and has imposed many new restrictions on women. These restrictions include a ban on the use of certain beauty services and aesthetic plastic surgery, restrictions on freedom of movement (such as cab rides), regulations regarding dress and restrictions on abortion – previously, women could obtain abortions up to the 12th week of pregnancy. Now they have until the fifth week. He justifies these measures by asserting that they align with Turkmenistan’s national traditions, culture and the sanctity of family. In reality, they are an expression of his repressive system of governance.

11 | Economic Performance

Turkmenistan’s economic performance was inconsistent during the reporting period from 2021 to early 2023. Increased prices for the main export commodities – gas, oil and oil products – provided additional revenues for the state. According to the European Bank for Reconstruction and Development (EBRD), the state budget returned to a small surplus of about 0.5% of GDP (2021/2022) after many years of deficits. The current account balance is also back in positive territory (2021: +0.6%; estimate for 2022: +2.5%).

Officially, the government reported real economic growth of 5.9 and 6.2% for 2020 and 2021, respectively. However, growth rates, like all other macroeconomic data (national and international), should be regarded with caution. They tend to be overstated due to nontransparent survey methods and understated inflation. Additionally, the significant disparities between the official exchange rate and the parallel rate make an objective assessment impossible.

Many factors indicate that the economy remains in a critical situation. Growth is concentrated in only a few areas and benefits only a small minority – the elite and their followers. The majority of the population is still barely able to make ends meet. Unemployment and food insecurity rates are very high.

Implementation of most recently launched and planned projects, including those in industry, progresses slowly or has been temporarily halted due to financing bottlenecks and a lack of foreign currency. The volume of investments realized annually is still significantly lower than in previous years, estimated at \$10 billion (2020/2021). Annual foreign direct investment decreased from \$2.1 billion in 2018 and 2019 to just \$1.3 billion in 2020 and 2021, according to UNCTAD data. Agriculture continues to face challenges with low efficiency.

Nevertheless, there is no question that Turkmenistan, with its hydrocarbon sector, production of cotton and textile products and gas refining products, has considerable potential for budget revenues and for boosting the economy. However, there is a lack of political will to effectively utilize these resources in the interest of a targeted and sustainable economic policy.

Output strength



Turkmenistan severed its reliance on Russian gas trade when it established the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline, more commonly referred to as the Central Asia-China Gas Pipeline, in late 2009. The country has become heavily reliant on China for its gas supplies. To encourage diversification, Turkmenistan initiated the TAPI project in 2015, which involves constructing a gas pipeline that reaches Afghanistan, Pakistan and India. As of 2022, however, progress on the project has stalled due to various challenges, including security and financing issues, as well as transit fees. Turkmenistan is additionally exploring the expansion of gas chemistry and cautiously considering opportunities for gas swaps with Azerbaijan and Türkiye, though numerous logistical and political obstacles persist.

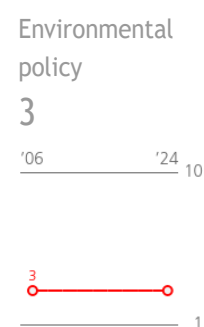
12 | Sustainability

Turkmenistan has officially committed to environmental protection by signing international environmental agreements, including the Paris Agreement on Climate Change. The country has also updated its National Strategy on Climate Change in 2019 and adopted a National Strategy and Law on Renewable Energy between 2020 and 2021. Additionally, Turkmenistan has ratified other international documents, such as the Kigali Amendment to the Montreal Convention on Climate Protection from Hydrofluorocarbons in 2021. Moreover, the country has implemented regulations addressing resource conservation and waste management. Recently, Turkmenistan has demonstrated an increased willingness to cooperate with foreign organizations, such as the United Nations and professional associations, on environmental issues.

However, the efforts to improve the country's ecological conditions have been relatively limited in their execution. Environmental concerns continue to take a backseat to economic growth. The level of pollution at major industrial sites remains high. Turkmenistan has the second-highest methane emission intensity in the world. The measures implemented or introduced to improve the ecological situation surrounding gas production (to avoid large methane emissions) in the Turkmenbashi oil refinery or in the fertilizer factories in Mary, for example, are still far from sufficient to rehabilitate the environment.

In the renewable energy sector, the installation of photovoltaic and wind energy facilities has not progressed beyond announcements. Desertification in the arid country continues to increase from year to year, resulting in annual economic losses of approximately \$350 million (CAREC/CARECECO).

No progress has been made in curbing the high water losses that occur in the central drinking supply and during irrigation. These losses range from one-third to more than 50% of water, depending on the region. Most pipeline networks and pumping stations are worn out. Desalination plants operate poorly. In many cities and most counties, there is no functioning wastewater treatment. Only very few modern resource-saving irrigation systems have been installed. In the provinces of Dashoguz and Lepab, the inadequate water supply is of particular concern, prompting out-migration.



During the time of the USSR, Turkmenistan had an education system with a relatively high standard and good access for all social strata. However, former President Niyazov made massive cuts to the education system. His successor, Gurbanguly Berdymukhamedov, restored educational timelines, advanced the construction of new schools at all levels of education and revived the Academy of Sciences.

Nevertheless, the situation in the education sector has remained critical. General education is provided throughout the country, but it is of low quality. Both higher education and vocational training are weak in terms of both quantity and quality. In the academic year 2021/2022, there were only about 15,300 university places for a population of over five million. The number of places with several years of vocational training was barely more than 10,000. There are only two small universities in the five provinces outside the main city. More than 70% of secondary school graduates have no chances at additional professional education.

There is a severe shortage of qualified teachers and scientifically sound teaching materials. Courses of study and training are burdened with heavily ideological “social science” curricula, and specialized knowledge is rarely emphasized. The education system is entirely controlled by the state and plagued with instances of authority abuse. Without substantial bribes, access to universities, the majority of vocational schools and “elite” general education schools is unattainable. In a growing trend, universities primarily or partially offer courses at a fee, effectively excluding the majority of young people in the country due to limited financial resources.

In the latest inequality-adjusted U.N. Education Index (2021), Turkmenistan achieves a score of 0.720 out of 1.0, reflecting a medium level of education in the country. However, this assessment appears to be significantly inflated, as it heavily relies on quantitative indicators like the low illiteracy rate (less than 1%) and high enrollment rate (over 99%). When considering annual spending, which includes investment in the education sector as a percentage of gross domestic product (GDP), Turkmenistan falls short of international standards with a rate of less than 3% (2021).

R&D is practically nonexistent. Its only appearance is in the activities of the State Academy of Sciences, its institutes and centers for technology and technology transfer, its cooperative agreements with state agencies and enterprises, and, to a limited extent, with private companies. Investment in the entire R&D sector is assessed to have been less than \$30 million in both 2020 and 2021.

Education policy /
R&D

3

'06 _____ '24 10



1

Governance

I. Level of Difficulty

Turkmenistan, with a population of five to 5.5 million people, is endowed with huge natural gas reserves and large oil deposits. It is one of the world's 10 largest producers of cotton. Its geographic location offers great potential for expansion as a regional and international hub for transportation and logistics. All of these resources offer fundamentally good conditions for the country's socioeconomic development.

However, a regime that uses these resources almost exclusively for the dual purposes of maintaining power and private enrichment has squandered this potential. This did not change during the period under review. Many of the country's structural problems (high poverty, underdeveloped infrastructure, deficiencies in the education and health sectors, water shortages, major soil erosion) are a consequence of this "use of resources." In order to maintain social peace, the state faces the unwelcome task of investing more, at least tentatively, in such areas as water supply, irrigation management, housing and school facilities.

In Turkmenistan, apart from a few so-called large GONGOs (government organized non-governmental organizations), a few small specialized associations for social and ecological concerns, and sports clubs, there are hardly any civil society organizations and thus hardly any civil society traditions.

Among the GONGOs active in the country, the most notable are the trade union (about 1.1 million members), the youth organization Magtymguly (0.9 million members) and the women's association (0.7 million members). The GONGOs, which are officially registered, fully support official policy. They are directed by the state and serve as its mouthpiece. Their activities are limited to information and propaganda, organizing mass meetings, and drafting and elaborating medium-term state programs for trade union, women's and youth policies.

The small number of NGOs that have managed to register officially perform very limited and prescribed tasks, namely providing aid for the socially disadvantaged and nature conservation. There are organizations in the country that could conceivably play a political role, but they are simply not allowed to operate.

Regional and informal networks, usually based on patronage and client relationships, provide some substitute for civil society organizations. They mostly represent economic and social interests.

Structural constraints

5

'06 _____ '24 10



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Civil society traditions

10

'06 _____ '24 10

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_____ 1

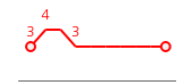
As a result of the repressive nature of state power and the great fear of severe and heavy penalties, open conflicts are extremely rare in Turkmenistan. However, localized social protests have increased, especially during the coronavirus pandemic. The population articulated its discontent over the lack of a transparent supply of subsidized basic foodstuffs, limited access to their own bank accounts, massively restricted, bureaucratic and cost-intensive access to foreign currency (foreign currency conversion), unpaid wages and social benefits, and the progressive commercialization of tertiary education.

During the reporting period, it was possible to observe more citizens criticizing the president's economic and social policies and his personality cult in conversations with their peers. In doing so, they exposed themselves to the risk of denunciation, which should not be underestimated.

Conflict intensity

3

'06 '24 10



II. Governance Performance

14 | Steering Capability

The national leader, the president and their inner circle set medium- and long-term strategies, which are technically confirmed by the People's Council and the parliament. In principle, they reflect internationally recognized development standards in many spheres of society. In the first years after President Gurbanguly Berdimukhamedov took office in 2007, some priorities reached an implementation phase. These included minor reform progress in the economy and the revitalization of the education sector. Later on, implementation stalled.

During the reporting period, the president adopted a bundle of new strategic documents and programs, including ones to reform state-owned enterprises and establish free economic zones, digitalization, import substitution and a foreign trade strategy through 2030. However, implementation has not occurred. Nor have operational goals been defined. The state administrative authorities do not have sufficient competencies and, in most cases, expertise to create and implement such goals and programs.

Consequently, as a rule, strategic programs remain pure proclamations. The reason is obvious: The president and his entourage are not interested in political or economic reforms because they want to maintain their power. They insist on dominating all spheres of society and do not want to give up their sources of income (state-owned enterprises, state-controlled private economy, the cotton and grain industries).

Question
Score

Prioritization

3

'06 '24 10



Nevertheless, there are some rays of hope: in the interest of safeguarding national independence, a drive toward greater professionalism in state administration has occurred (opening new colleges to meet administration and business needs in priority public service and economic sectors). There has been slight progress in implementing priority goals in social services, improving the situation of women and children, and addressing environmental concerns. In these areas, the state is also ready to cooperate with international actors (the United Nations and partner organizations).

The government puts its proclaimed political goals, strategic documents, and long- and medium-term political, economic and regional programs into practice only in a rudimentary fashion. Immature legislation and unabated state dirigisme in all political and economic matters in the country are reasons Turkmenistan has experienced hardly any significant progress. Moreover, the political will for change is simply nonexistent. The president and his entourage are not interested in implementing many regulations aligned with international norms. Nor are they interested in implementing medium- and long-term reforms to create an open, market-oriented society.

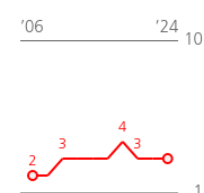
The government officially declares the firm establishment of market economy principles as an economic policy goal. However, this is only a pretense. The business activities and new projects of private companies (members of the Union of Industrialists and Entrepreneurs) depend on the goodwill of the president and other members of the elite, including regional and local authorities. The only private sector activities, in which the government has some interest is import substitution (in the interest of saving foreign exchange for imports).

The administrative apparatus is exclusively a restrictive instrument for maintaining the elite's power and for it to exercise its rule. All state institutions carry out their activities exclusively on instructions from the national leader, the president and their entourages. Fear of severe criticism and even reprisals undermines employees' initiatives. Arbitrary promotions and transfers in the civil service, a preference for "applicants" from the president's close circle and the elite, and regular reorganization and restructuring of institutions underscore the deliberately low quality of the administrative apparatus.

Political learning will only be institutionalized in Turkmenistan if executives have responsibility for formulating clear directives and ensuring their implementation. However, meeting and manipulating fixed quantitative targets from the Cabinet of Ministers are their tasks. A certain willingness to engage in political learning processes has manifested while adapting to the international norms international organizations demand (above all, adapting to labor and social standards).

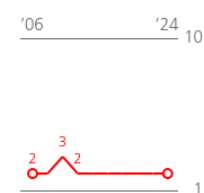
Implementation

3



Policy learning

2



15 | Resource Efficiency

Resource-rich Turkmenistan is far from making effective use of its human and economic resources. Cronyism and favoritism, politically motivated appointments, frequent job rotations in middle and upper management, bureaucratic administrative procedures, and inadequate training of employees are the main causes. There is no transparent budget planning and no functioning control mechanisms for the planning and implementation phases of publicly financed projects.

Poorly managed state-owned enterprises and a lack of will to restructure and focus on demand-driven production are the main reasons for weak capacity utilization and losses in state-owned enterprises. The agricultural sector suffers from government overregulation, a lack of investment in upstream sectors (especially water supply, irrigation and pasture management) and a nontransparent supply of fertilizers and agricultural machinery. Announced reforms in agriculture have failed to materialize to date.

The central investment policy suffers from considerable misallocations to prestigious construction projects, inadequate technical preparation, and implementation of industrial projects and oversized and thus uneconomical transportation infrastructure (airports, railroads). This trend is continuing unabated.

For example, starting in 2020/2021, several billion U.S. dollars will flow into a particularly large prestige project of Gurbanguly Berdimukhamedov: constructing a new (smart) capital city for Ahal Province named “Arkadag,” which is Berdimuhamedow Senior’s honorific. Another example: More than \$200 million is earmarked for constructing a new prestige building in front of the presidential palace in Ashgabat (2022 – 2024).

Many new public hospitals and health centers operate under capacity owing to acute shortages of medical technology, pharmaceuticals and qualified specialists, and a lack of multi-year service contracts with medical technology suppliers. Many new drinking water treatment plants fail permanently due to faulty design or lack of maintenance, often shortly after opening. Every year, hundreds of thousands of trees and shrubs are planted in the capital alone. A large proportion of these wither due to a lack of irrigation and have to be replaced time and again.

Efficient use of assets

2

'06 '24 10

2 1

The autocratic kleptocracy of the national leader, the president and their close followers allows for neither coordination of conflicting policy goals nor compromise. There is simply no room for such goals and solutions. There is no political and technical horizontal and vertical coordination at the level of and within ministries, downstream agencies, and regional and local administrations. All threads for the preparation, adoption and implementation of “reform projects,” strategic documents, development programs and action plans run through the deputy prime ministers responsible for specific regions or economic sectors and are then submitted to the president for approval.

Initiatives from ministries and other authorities are unwelcome. Only in certain subsegments of the economy, particularly in the preparation and implementation of larger priority state projects, is there limited coordination between ministerial functional areas at the same hierarchical level. In any case, the national leader and the president have decision-making authority over such projects. Their decisions are often incomprehensible, arbitrary and unpredictable as a result of patronage networks and their own interests. This has not changed with the intra-family transfer of power.

Turkmenistan has no real reform programs. At meetings of the Cabinet of Ministers, the president sells his visions of the country’s development and every proposed change in the law, no matter how small, as a reform. He instructs the relevant ministers to draft appropriate proposals, documents and amendments to laws, and then approves them.

The rampant corruption in the state administration, judiciary, security apparatus, education and health care, and the fundamentally lax approach to the “fight against corruption,” have hardly diminished, even after adoption of several legal regulations and action plans to combat corruption in 2014.

Documents tend to be declarative in nature or used to dismiss individuals who have fallen out of favor. The State Service for Combating Economic Crime, which was only established as an independent agency in mid-2017, was dissolved again as early as 2019 and integrated into the Ministry of the Interior as a nontransparent unit entirely dependent on the goodwill of the president.

Petrodollars, traditionally used for loyalty procurement, have been flowing more sparsely into the country since about 2015. The result is increasing control over the corrupt elite by means of dismissals, confiscation of private wealth and imprisonment.

Several factors fuel the widespread prevalence of corruption in public administration. These include patronage, the traditionally widespread purchase of “collectible” public offices, the dependence of many construction and other companies on state contracts, a bloated bureaucracy and slow-working authorities, completely inadequate control of public finances, an underdeveloped tax system and a lack of an effective code of conduct for the prevention of corruption, together with an unwillingness to enforce it.

Policy coordination

2

'06 _____ '24 10



Anti-corruption policy

2

'06 _____ '24 10



Sporadic anti-corruption actions do not change the foundation of widespread, barely combated corruption. Experiencing abuse of power and corruption is part of everyday life for Turkmenistan's population.

16 | Consensus-Building

There are no major political actors or interest groups in Turkmenistan that are able to facilitate democratic practices. The country does not allow the formation of any opposition groups that could challenge presidential authority. Because of the dominant position of the president and the national leader, rivalries among different state institutions, such as the security apparatus, judiciary and ministries, take the form of reciprocal denunciations of rivals' "corrupt practices."

There is no class of independent businesspeople in Turkmenistan able to strive for an open market economy. The president and national leader set the agenda and permit elements of a market economy only if those have the benefit of increasing the state's export (i.e., his own) revenues or facilitating the goal of import substitution. Moreover, government elites in the various ministries and agencies fail to formulate agendas that would benefit the country owing to their short periods in office.

In Turkmenistan, the state is fundamentally anti-democratic. President Serdar Berdimukhamedov and the National Leader, his father Gurbanguly, are not committed to liberal democracy and suppress almost all activity in support of democratic reform.

Regional, ethnic, social and religious divisions do exist in Turkmenistan, but the leadership's personal and pronounced authoritarian rule and the security apparatus's extensive control keep dissent to a minimum. For example, Turkmen who do not belong to the largest, most influential Teke tribe (Ahal-Teke/Mary-Teke) are marginalized and generally denied access to political and economic positions.

Preferential treatment of the Teke Tribe leads the government to offer jobs and investment mainly to residents of the southern provinces of Ahal and Mary. Despite such favoritism, tight control over the population prevents cleavage-based conflicts from escalating. As long as the president is able to offer sufficient material incentives to the country's large security and police forces and to maintain control over different informal networks, the likelihood of conflict remains low.

Consensus on goals



Anti-democratic actors



Cleavage / conflict management



The leadership excludes all civil society actors without official sanction from the political process. It is almost impossible for independent NGOs to register and operate legally unless they are completely loyal to the regime (if not, they are not able to open bank accounts, rent space or install internet connections). Only pro-governmental organizations, such as the Woman's Union, the Turkmenistan Youth Union and the Veteran's Association, and three political parties have obtained official registration, essentially acting as a transmission belt for the leadership. Within Turkmenistan itself, there are only a very small number of official and informal groups connected through limited social networks (for example, the ecological movement, support for families and persons in need, and support for disabled people).

Prisoners who were sentenced to long prison terms or disgraced after unfair trials at the turn of the millennium for an alleged assassination attempt on former President Niyazov in November 2002 are still in prison. There is still nothing known about the fate of over 90 people. This also applies, with reservations, to the approximately 60 imprisoned persons who are allegedly connected to the Gülen movement. Due to the nontransparent judicial system, there is no reliable information on the total number of politically persecuted prison inmates.

The international campaign, Prove They Are Alive, launched by human rights groups has achieved only partial success. This includes the government handing over a list of people imprisoned during Niyazov's term in office, diplomats and civil society organization representatives being allowed to visit detention centers for the first time, and several prison inmates being able to establish contact with their families. However, the information in the list is flawed, and the prison authorities did not allow direct contact with inmates.

The common practice of arrests without due process did not change during the reporting period, as evidenced by many detentions. Turkmenistan continues to reject OSCE and U.N. offers to help rectify the human rights situation, including reform of the prison system and a visit to the country by the Working Group on Enforced and Involuntary Disappearances. Turkmenistan also ignores the repeated requests from the OSCE and the European Commission to ratify the U.N. Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT) of December 18, 2002. Abolishing acts of injustice and reconciliation are still not on the government's agenda.

Public consultation

1

Year	Score
'06	1
'24	10

1

Year	Score
'06	1
'24	1

Reconciliation

2

Year	Score
'06	1
'07	2
'08	3
'09	4
'10	3
'11	2
'12	1

1

Year	Score
'06	1
'07	2
'08	3
'09	4
'10	3
'11	2
'12	1

17 | International Cooperation

Turkmenistan's government makes a purely formal effort to present itself as an international partner and to become involved in the activities of international organizations. The country has representation in about 50 international organizations and has signed some 180 international treaties and conventions (as of January 1, 2023). It cooperates with many international organizations that provide assistance with economic and social development. Foreign policy successes the government reported during the reporting period include its first membership in the U.N. Commission on the Status of Women (2022 – 2024) and its observer status in the Council of the Conference on Cooperation and Confidence-Building Measures in Asia (CICA).

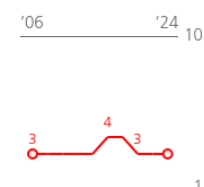
Turkmenistan's commitments to political and economic reform as part of its membership in international organizations and signing international agreements have been almost completely ignored in its government policy. There are only isolated cooperation projects with international partners that lead or could lead to certain improvements in some social spheres, including social services, environmental protection and education.

The president and his entourage have no interest in aid from international partners that could support reforms. Government reports on the results achieved in implementing international commitments usually praise the government based on embellished or falsified data and information. Formal membership in numerous international organizations, conventions and treaties serves mainly to legitimize the existing system of rule. It is intended to demonstrate to Turkmenistan's population that its homeland is an internationally respected country that complies with international legal norms and cooperates with foreign countries. In the national state media, reports of Turkmenistan's "intensive participation" in international organizations and "intensive cooperation" with foreign countries occupy an unusually large amount of space. These media activities serve exclusively propaganda purposes.

During the reporting period, Turkmenistan maintained its formal presence on the international stage. This is limited to membership in international organizations, a small number of political, economic and cultural contacts at the bilateral level, and holding international conferences in Turkmenistan to feign an alleged policy of openness. Cooperation at the multilateral level takes place only on a subject- or project-related basis. Non-membership in multilateral organizations is officially justified by the country declaring neutrality in 1995. In reality, neutrality serves as a cover for the government's desired isolation in the interests of maintaining regime stability.

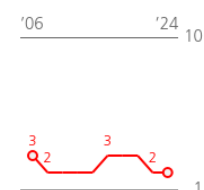
Effective use of support

3



Credibility

2



The government does not act as a credible and reliable partner in the international community. The restrictive visa policy for entering and leaving the country, as well as large bureaucratic hurdles and procedures for organizing meetings with foreign partners in Turkmenistan, reflect a low level of interest in international contacts. In addition, any initiatives realized in cooperation with foreign partners are subject to strict state control.

Turkmenistan is also among the few states in the world that did not disclose information about the spread of coronavirus and deliberately provided false reports to international observers, including the World Health Organization (WHO).

Examples of Turkmenistan formally fulfilling or partially fulfilling international treaty obligations are few. This is true, for example, regarding incorporating some of the International Labor Organization's (ILO) standards into the national labor law, adopting the legal foundations for gender equality, updating the national climate protection contribution as part of the Paris Climate Agreement framework, and accession to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Lisbon Convention (Convention on the Recognition of Qualifications Concerning Higher Education in the European Region), which occurred in 2022.

Bilateral political and economic relations with the other Caspian Sea littoral states, the Central Asian and South Caucasian countries, and Russia reveal a growing willingness to cooperate at the official level.

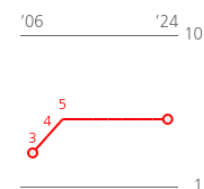
In practice, however, progress in regional cooperation has been modest, despite some noticeable signs of revival. Cooperation is concentrated in foreign trade and the transportation and logistics sectors. The reasons for this include: the leadership's lack of willingness, a persistently opaque visa policy, and the government's fears that foreign influence on the population might make it difficult to control, in particular, Uzbekistan's and Kazakhstan's reforms and opening processes spreading to Turkmenistan.

There are some indicators that Turkmenistan may profit from the current geopolitical conditions in the region. For instance, regional and international transport and logistics companies have redirected shipments from China/Central Asia to Europe to the Middle Corridor (via Caspian Sea-Azerbaijan-Georgia/Türkiye) due to the transport routes via Russia, Belarus and Ukraine being blocked by Russia's war in Ukraine.

Turkmenistan's strategic partnership with the Russian Federation is based on military cooperation (with a view to ensuring security on the long shared border with Afghanistan) and on its considerable economic dependence on Russia (foreign trade, agro-industry, participation in gas projects and transit along the North-South axis toward Iran/Afghanistan).

Regional
cooperation

5



Turkmenistan-Azerbaijan relations have continued to develop positively. They are based on the expansion of the TRACECA transport corridors Lapis Lazuli (Afghanistan-Turkmenistan-Azerbaijan-Georgia-Türkiye) and Caspian Sea-Black Sea, plans to lay a fiber-optic cable on the floor of the Caspian Sea between Turkmenistan and Azerbaijan, and the implementation of a swap agreement with Iran and Azerbaijan involving small quantities of gas.

Cooperation with neighboring Afghanistan entered a new phase after the withdrawal of U.S. and NATO forces. Strategic goals include protecting Turkmenistan capital invested in the neighboring country (infrastructure projects at a volume of about \$1.5 billion), gradual resumption of projects that have already been started (railroad lines and power lines), expansion of the Lapis Lazuli transport corridor, construction of an industrial park in the Serhetabad District on the border with Afghanistan and activation of the TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline, planned but still not financially underwritten.

Economic relations with Uzbekistan have gained momentum. Core areas of cooperation include foreign trade (opening 10 border checkpoints in 2021/2022), transportation/logistics, natural gas and electricity supply and (potentially) joint projects (establishment of joint ventures) in agricultural technology, household appliances and vehicle construction.

Strategic Outlook

The lack of progress in democracy and the market economy during the period under review remains as concerning as it was in the previous period. Both the president and the national leader have consolidated their power, allowing them to evade scrutiny by the legislature and the judiciary.

In the legislature, there is no sign of democracy. New legal regulations continue to be largely symbolic, with occasional attempts to implement these rules thwarted by informal mechanisms within the state apparatus.

The autocratic presidential regime is characterized by arbitrary actions, repression, extensive limitations on civil rights, a tight grip on the judiciary and the media, and severe restrictions on freedom of speech, assembly and religion. The fight against corruption only occurs sporadically and is often used as a political tool.

The great inequality between the rich and poor persists due to widespread corruption and the exclusion of certain population groups from participation in social life. The state legitimizes this exclusion, particularly in the labor market, education, health care and freedom of movement within the country. The government's reluctance to establish a stable currency exchange rate remains a major factor that contributes to the challenging economic situation. Furthermore, the president continues to allocate substantial funds to prestige projects that yield little or no tangible benefit to the country's socioeconomic development.

Nonetheless, there is ongoing pressure to implement reforms, at least in some areas, to promote social stability and economic growth. These initiatives include efforts to reduce the risk of poverty, establish a nationwide social security system for those in need, increase public-private partnerships in infrastructure development, restructure and reform state-owned enterprises, adapt secondary educational institutions to meet the country's demand for skilled workers and expand regional cooperation through cross-border trade, logistics and customs clearance. However, the extent to which these plans will materialize remains uncertain.

International development institutions and organizations, such as the United Nations Development Program (UNDP) and the European Union (EU), can play a role by providing expertise and financial support to potentially initiate reform processes in Turkmenistan. Encouraging regional cooperation can further advance common interests and contribute to economic liberalization and market expansion in select sectors. Initiatives focusing on pilot projects in water, wastewater and irrigation management offer limited prospects for progress.

The primary focus of international development institutions in Turkmenistan should be supporting the establishment of a functioning legal system. Reliable rules and their enforcement are crucial for reducing corruption and increasing economic activity, including domestic and foreign investments. The annual human rights dialogue between the European Union and Turkmenistan has yet to result in significant improvements in the latter's human rights record. In the future, this dialogue should become more outcome-oriented, specifying intended reform steps and goals for reducing constraints on civil society while demanding and reviewing their implementation.