

TURKMENISTAN CHANGES

and Stability
UNDER **Berdimuhamedow**

Marlene
Laruelle
editor

Central Asia Program

Institute for European, Russian
and Eurasian Studies

Elliott School of International Affairs

The George Washington University



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**TURKMENISTAN:
CHANGES AND STABILITY UNDER
BERDIMUHAMEDOW**

Marlene Laruelle, editor

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The most closed and understudied country in Central Asia, Turkmenistan has been facing profound evolutions since the death of its first president, Saparmurat Niyazov, in December 2006. The political regime has evolved slowly under the second president, Gurbanguly Berdimuhamedow, giving more room to the emerging middle class and allowing for slightly more open patterns of development, particularly in higher education. The country has pursued its neutrality status in a post-Crimea world but has been feeling previously unknown insecurities related to destabilizations coming from its Afghan neighbor. Turkmenistan has also entirely reoriented its gas production and export strategies toward China, which has so far resulted in Ashgabat being essentially held hostage by China's policies, with little room for maneuver to adjust to a new world energy context.

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Turkmenistan's Neutrality in Post-Crimea Eurasia

Luca Anceschi¹ (2014)

The comprehensive realignment that was instigated by the Ukrainian crisis exerted a major influence on Central Asia's geopolitical equilibrium. In the aftermath of Russia's forced annexation of the Crimean peninsula and after the eruption of a new frozen conflict in Eastern Ukraine, regional geopolitics have become increasingly polarized, bringing the Central Asian leaderships to question with worrying regularity the strategic rationale of many of their most established relationships.

Ties between Russia and Kazakhstan — which for more than two decades have formed one of Eurasia's most solid axes — are currently at their lowest ebb: the progressive deterioration of political linkages between Moscow and Astana has been mirrored by a drastic contraction of their bilateral economic exchanges. Kyrgyzstan, at the same time, has continued to debate the pros and cons of its accession to the Eurasian Economic Union, calling into question the opportunity for a markedly pro-Russian foreign policy shift. Regional developments were — without any doubt — also noted in Tashkent, where the Uzbek regime is nevertheless struggling to manage a rather turbulent process of leadership change, currently shaped by severe elite infighting to secure positions of influence in the looming succession to Islam Karimov.

In post-Soviet Central Asia, Turkmenistan has remained the only actor that reacted with apparent imperturbability to the tectonic shifts caused by the Ukrainian crisis. Its 'positive neutrality' acted as the policy umbrella under which Turkmenistan articulated its perception of the crisis, and it ultimately obfuscated the regime's geopolitical aspirations, which were characteristically intertwined

with the power technologies devised by Gurbanguly Berdymukhamedov and his close associates.

The consistent policy of multilateral disengagement that Ashgabat has followed since 1992, on the one hand, shielded the regime from undue pressures originating in Moscow and related to Turkmenistan's participation in the Eurasian Economic Union. The state's nonchalant attitude towards international isolation, on the other hand, was offered as a most convenient rationale for Turkmenistan's conspicuous absence from the vote on UN Resolution 68/262,² which, on March 27 2014, condemned Russia's violation of the Ukrainian territorial integrity. This analytical reading seems to suggest that, in the post-Crimea diplomatic landscape, Ashgabat was barely touched by the dramatic change instigated by Russia's renewed assertiveness in the shared Eurasian neighborhood.

A series of key structural factors, as this policy brief does ultimately contend, is however likely to prevent Turkmen foreign policy-makers from continuing in their business-as-usual approach. The post-Crimea version of 'positive neutrality,' in this sense, will have to address a discrete set of geopolitical developments, which, in the long run, are expected to impact rather decisively upon Turkmenistan's place in Eurasia.

Under the presidency of Saparmurat Niyazov, the Turkmen state devised a complex strategy — which continuously oscillated between equidistance, insulation, and isolation³ — to regulate its relationships with the great powers. The chaotically crafted (and in turn flexibly implemented) policy of 'positive neutrality' allowed Turkmenistan to limit the impact that external influences exerted upon its internal affairs, while preserving crucially important ties with the Kremlin — a source of much-needed support for the increasingly idiosyncratic Niyazov regime. Such (relatively) successful strategy, nevertheless, could hardly be replicated at the economic level: Gazprom's

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² For the voting record of Resolution A/RES/68/262, see: <http://unbisnet.un.org:8080/ipac20/ipac.jsp?profile=voting&index=.VM&term=ares68262>.

³ See Luca Anceschi, *Turkmenistan's Foreign Policy – Positive Neutrality and the Consolidation of the Turkmen Regime* (London-New York: Routledge, 2008).

monopoly over the transit of Eurasian natural gas did progressively entrench Turkmenistan's structural dependency on Russian gas purchases.

After the leadership change completed in February 2007, Turkmen foreign policy has been operating along the same general guidelines that were consolidated in the Niyazov era. The regime, to begin with, continued to focus on the preservation of its international autonomy, with the ultimate view to prevent the transformation of its ties with Russia and China into client-patron relationships. This end, nevertheless, was not pursued with any significant success in the economic realm. In late 2009, the government's efforts to expand its energy partnerships beyond Russia culminated in the entry into line of the Central Asia-China pipeline. The opening of the pipeline — which, insofar as it terminated Gazprom's hegemony over the export of Turkmen natural gas, did definitely represent a key step towards partnership diversification — has not however borne the fruit that Ashgabat had initially hoped for.

From 2012-13 onwards, Turkmenistan's energy strategy has found itself in a cul-de-sac, as its dependence on Chinese gas purchases intensified on a yearly basis, to become nearly total in October 2014,⁴ when Gazprom announced its decision not to renew any current contract with natural gas producers located in Central Asia, including Turkmenistan.⁵ The entrenchment of Turkmenistan's economic dependence on China is fully appreciated when looking at independent data on the direction of Turkmen commercial activity: in 2013, no less than 43.9% of Turkmenistan's total trade was exchanged with China, which was, most importantly, buying an outstanding 68.9% of Turkmen exports.⁶

The many limitations of Berdymukhamedov's gas strategy came to the fore when the economic sanctions imposed on Russia in the summer of 2014 had finally come to affect Gazprom's commercial capacity in wider Eurasia. The Ukrainian crisis, in this sense, may be said to have impacted indirectly — yet not insignificantly — upon Turkmenistan's foreign policy, which is now tasked with finding alternative

export solutions to avoid a long-term nightmare scenario: total dependence on China's purchases of natural gas.

This latter proposition captures in full the rationale underpinning Ashgabat's recently renewed enthusiasm for the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. This ambitious project, which has been widely discussed at regional level since the mid-1990s, is designed to connect Turkmenistan's eastern gas fields (and the giant Galkynysh field more in particular) to the emerging economies located on the Indian subcontinent. In early July 2014, the four state-partners announced the conclusion of a major operational agreement that removed the final obstacles to the full implementation of the TAPI framework, setting the tentative date for the pipeline's entry into line for late 2017.⁷

This 1800-km pipeline is designed to carry annually 33 billion cubic meters (bcm) of natural gas, which is going to be purchased, for the larger part, by India and Pakistan (42% each), with Afghanistan picking up the remainder. As the inclusion of a second provider in the consortium (and Uzbekistan more in particular) continues to represent an unlikely development in the roadmap towards TAPI operationalization, the totality of gas pumped through the pipeline is therefore expected to be originating from the large fields located in Turkmenistan's Mary *velayat* (region). Building up on the preparatory support offered by the Asian Development Bank, the partners are known to have reached an agreement on price and, most importantly, one on payment procedures: considering Berdymukhamedov's relatively cooperative posture throughout the negotiations, it might be suggested that the current Turkmen regime has come to see TAPI operationalization as one of its most compelling strategic priorities. This, in the ultimate, represents a major policy departure from the Niyazov years, when Turkmenistan's strategy vis-à-vis TAPI negotiations was characteristically inconsistent. However long China's 'thirst' for Turkmen natural gas (and Central Asian resources more in general) will last, the elites in Ashgabat have

⁴ Turkmenistan, until mid-2014, maintained relatively solid gas linkages with Iran, to which it was exporting, through two relatively minor pipelines, an annual total of 20 billion cubic meters (data is for 2010). In August 2014, however, the Iranian Minister of Energy announced that from 2015 onwards, Iran intends to interrupt any purchase of natural gas from Turkmenistan. See Bruce Pannier, "Is Turkmenistan losing Iran as a gas customer?" *RFE/RL, Qishloq Ovozi Blog*, August 14, 2014.

⁵ Chris Rickelton, "Gazprom bails on buying Central Asian gas," *EurasiaNet*, October 10, 2014, <http://www.eurasianet.org/node/70406>.

⁶ See the 2013 Turkmenistan profile elaborated by the EU Directorate-General for Trade, available at: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113457.pdf.

⁷ "Pakistan, India, Afghanistan sign TAPI gas pipeline deal," *Khaleej Times*, July 19, 2014.

apparently concluded that a mono-dimensional gas policy operates in detriment to regime stability, given the noticeable relevance that gas revenues held upon Turkmenistan's stage-budget.

Security, however, has to be seen as the major obstacle to the rapid operationalization of the TAPI pipeline project. The withdrawal of ISAF troops is raising many questions about the stability of post-2014 Afghanistan: interestingly, no Central Asian state appears to be more aware of this scenario than Turkmenistan, given recent developments in the Murghab river region.

From mid-2013 onwards, the regime's ability to ensure the security of the state's borders with Afghanistan has been severely tested by frequent Taliban incursions on Turkmen territory. Initially connected with contraband and trafficking of some sort, Taliban operations in Afghanistan's Faryab and Jowzjan provinces have become more and more violent: between February and March 2014, Western media reported the death of no fewer than six Turkmen border guards and army personnel during violent confrontations with Taliban troops.⁸ These skirmishes took place both sides of the border, suggesting, in this sense, that a relatively expansive area is currently at the epicentre of a violent contestation between the Turkmen state and the Taliban forces. The progressive exacerbation of this (so far) localised conflict has led to the progressive militarization of the Turkmen side of the border,⁹ with the government in Ashgabat announcing the total sealing of the Afghan frontier in early October 2014.¹⁰

Although TAPI's currently projected route is not intended to cross into Afghanistan through Faryab and Jowzjan, the development of conflictual relationships between Turkmenistan and the Taliban might compromise, in the medium term, the security of further segments of the pipeline, which, it might be worth remarking, is planned to run for at least 725 km inside Afghan territory.

The recent deterioration of Turkmenistan-Taliban relations, in turn, questions Ashgabat's regional standing in late 2014. However isolated the

Niyazov regime had become, it somehow managed to preserve functioning energy relations with Iran and, most importantly, pursued a rather successful policy of engagement with the Taliban — a force that, it ought to be remarked, controlled a significant portion of the Afghan territory at the eve of Operation Enduring Freedom. Niyazov's policies, in this sense, paved the way for the post-2007 strengthening of Turkmenistan's economic linkages with Afghanistan. Throughout the Berdymukhamedov years, Turkmenistan emerged as a major exporter of electricity to Afghanistan, while the planning of a shared infrastructure network — centered on the Turkmenistan-Afghanistan-Tajikistan railway — intends to provide a launching pad for the progressive commercialization of bilateral economic relations. After some initial success, the Berdymukhamedov regime encountered numerous obstacles while expanding on this specific policy legacy.

The decline of the energy relationship with Iran is somehow related to the shifting geopolitics of post-Nabucco Eurasia,¹¹ and, more recently, to Tehran's perceptible interest in exploring the feasibility of a gas pipeline route towards Pakistan.¹² Any analysis of the breakdown in Turkmenistan-Taliban ties, at the same time, needs to take into consideration both the duplicity¹³ underpinning Turkmenistan's Afghanistan policy and the Taliban's shifting posture vis-à-vis Afghanistan's volatile scenario. It seems however that the parties have lost that harmony of views that facilitated the establishment of viable bilateral relations during the Niyazov years.

Conclusions

Russia's assertive foreign policy is unlikely to pose a challenge to Turkmenistan in the aftermath of the Ukrainian crisis. Much of Turkmenistan's future stability will be dictated by the resolution of the Afghan conflict — a process that, in the post-ISAF era, will certainly encounter more than one obstacle. On the whole, the conflict's impact on Turkmenistan is likely

8 Joshua Kucera, "Turkmenistan armed forces reportedly cross Afghanistan border," *Eurasianet*, September 18, 2014, <http://www.eurasianet.org/node/70056>.

9 "Turkmenistan vozvodit na granitse s Afganistanom zagrazhdeniya iz kolyuchey provoloki," *Khronika Turkmenistana*, October 14, 2014.

10 Bruce Pannier, "Turkmenistan's new Afghan border policy," *RFE/RL, Qishloq Ovozi Blog*, October 10, 2014.

11 "Iran ready to revive Nabucco project, supply gas to Europe," *ITAR-TASS*, August 11, 2014.

12 "IP gas pipeline: Pakistan, Iran agree to find middle ground," *The Express Tribune*, October 30, 2014.

13 Christian Bleuer and Said Reza Kazemi, "Between Co-operation and Insulation - Afghanistan's Relations with the Central Asian Republics," *Afghanistan Analysts Network Paper*, June 2014, 49-54.

to be twofold. The direct threats posed by Taliban incursions into Mary and Lebap regions remain localized: at the time of writing, the border conflict which erupted in 2013 does not seem to have the potential to spread across the wider Turkmen territory. But the indirect threats that Afghanistan's further destabilization might pose to Turkmenistan are, on the other hand, far-reaching and relatively serious, insofar as they connect to the establishment of a full operational framework for the TAPI pipeline.

Recent developments in Turkmenistan's gas relations with Iran and, most crucially, with Russia have

transformed TAPI into one of the few remaining avenues that the Turkmen regime needs to explore if it is to avoid total dependence on Chinese gas purchases. And it is precisely through the crystallization of this scenario that the Ukrainian crisis has come to influence Turkmen 'positive neutrality' more significantly. Seen from Ashgabat, politico-economic dependency on a single external partner has traditionally been equated to regime instability: Berdymukhamedov and his associates are more than likely to bear this proposition in mind when crafting Turkmenistan's foreign policy for the forthcoming years.

Turkmenistan's Export Crisis: Is TAPI the Answer?

Luca Anceschi¹ (2015)

Is Turkmenistan slowly entering an unprecedented export crisis? Recently, the regime's key diversification failure—namely that affecting the country's production structure, which remained unchanged throughout the post-Soviet years—has been compounded by an unexpected yet not unpredictable reduction of Turkmenistan's export options. Exporting gas—Turkmenistan's main source of revenue—might soon become a more challenging undertaking. This short piece intends to contextualise Turkmenistan's export conundrum by questioning whether the TAPI pipeline can ultimately be seen as an adequate answer to the medium-term export crisis faced by the regime headed by Gurbanguly Berdymuhamedov.

Turkmenistan's Export Crisis

In early October 2014, Gazprom announced its decision to suspend purchases of natural gas from Central Asian providers, opting not to engage in any future negotiation to renew existing contracts with key regional exporters, including Uzbekistan and, most notably, Turkmenistan. While capturing on the one hand the impact that decreasing oil prices and Western sanctions are exerting on the economy of the Russian Federation, this announcement raised on the other a number of critical questions on the long-term energy strategy of post-Soviet Turkmenistan—Central Asia's largest exporter of natural gas. While Gazprom publicized its eventual withdrawal from the Central Asian gas market, the Turkmen-Iranian energy relationship had already entered a phase of (perhaps) inexorable decline. Trade with China, as a consequence, does now have to be seen as the only long-term option for the export of Turkmenistan's natural gas. This scenario, given the rentier nature of the Turkmen economy and the extremely authoritarian undertone of local governance, is likely to raise a

few eyebrows in Ashgabat, where successive regimes have pursued—with different emphases at different junctures—a fairly consistent strategy of diversification for the country's gas linkages.

The events of 2014, nevertheless, merely accelerated a trend that had come to characterize Turkmenistan's export patterns in the most recent years. This trend is ultimately paradoxical, insofar as the progressive emergence of an essentially mono-directional export policy occurred at a moment when Turkmenistan's pipeline network had come to achieve a genuinely multi-vector outlook. With the launching of the Central Asia-China natural gas pipeline in December 2009, Turkmenistan had finally accomplished a critically important goal, namely the establishment of a diversified network of routes to export its gas. To this end, it endeavoured to successfully commercialize three major energy partnerships, namely those with Russia, the Islamic Republic of Iran, and China. After 2009, however, the Turkmen regime began to progressively articulate its gas trade in increasingly China-centric terms. This policy decision, in quantitative terms, left a virtually indelible imprint on Turkmenistan's post-2009 gas trade.

Between 2009 and 2013, Turkmenistan's gas trade with China grew by approximately 800 percent, reaching 24.3 billion cubic meters (bcm) per annum in 2013. Data for 2014—when total gas exchanged between Ashgabat and Beijing rose to 25.9 bcm—suggested that such positive trend is persisting, although volumes traded are yet to reach the amount of 30 bcm per annum agreed upon by Turkmenengaz and CNPC. A revised deal regulating the commercialization of Sino-Turkmen gas ties has been finalized in 2014, stipulating that, from 2015 onwards, China's imports of Turkmen gas would rise to 40 bcm per year. Preliminary data for 2015 seem to indicate that the parties are on track to reach this quota.

Gas trade with Russia, on the other hand, remained steady throughout 2009-2013. At the end of the period in question, Gazprom's purchases had reached 10.97 bcm—a very marginal increase from the 10.7 bcm it bought in 2009. Pre-2009 gas trade,

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however, was much more substantive: in 2008, for instance, Gazprom's purchases from Turkmenistan amounted to 42.3 bcm. Two distinct sets of circumstances contributed to the four-fold contraction. To begin with, the parties engaged in a major gas dispute in 2009, when trade along the Central Asia-Centre gas pipeline was interrupted for a protracted timeframe, leading Turkmenistan to experience a 25 percent GDP loss. By the time the pipeline had re-entered into line (early 2010), Turkmenistan's export outlook had been revolutionised by the opening of the Central Asia-China gas pipeline, which contributed to relegate Russia at the very margins of Turkmenistan's gas strategy. In late 2014, Russia's gas giant announced a cap of 4 bcm for 2014 purchases, claiming that recent progress in field exploration elsewhere had made the purchase of gas from Turkmenistan—and Central Asia more in general—an unprofitable enterprise. The Gazprom leadership did also announce a clear intention not to renegotiate beyond 2025 the set of deals that are currently regulating its gas partnership with Ashgabat.

The gas relationship between Turkmenistan and Iran is currently displaying a similarly bleak outlook. Quantitatively, the gas volumes traded across the Turkmen-Iranian border were never as significant as those that Turkmenistan exchanged with Russia or China: in 2006-2013, Iran's total purchases of Turkmen gas did not exceed 56.47 bcm, in spite of the construction of a new pipeline in 2010 and, in December 2013, a new compressor station in the Balkan *velayat*. In 2013, Tehran began to request with some insistence that the purchase of Turkmen gas was to be paid via barter—a practice that the Turkmen government learned to mistrust in the late 1990s, and has only reluctantly accepted ever since. Ashgabat's systematic refusal to proceed to gas-goods swaps questioned the very foundations of its energy linkages with Tehran: in August 2014, Iranian officials announced the eventual suspension of any gas trade with Turkmenistan, stating that a planned increase of domestic production would make imports unnecessary from 2017 onwards. The drastic tones of this declaration were nevertheless diluted by a deal signed in November 2014, in which Iran committed to keep buying Turkmen gas. The real impact of this last-minute deal over the future development of Iran-Turkmenistan gas ties will be appreciated in full only when data for 2015 is ultimately released: recent developments have, however, confirmed that Turkmenistan's traditionally

stable gas relationship with Iran has now entered a very tumultuous phase.

The overall decline in gas volumes exported is not the only factor behind the decrease in total revenue derived from the commercialization of the three gas relations in which Turkmenistan is currently involved. Falling gas prices, more specifically, contributed to the recent contraction experienced by the country's gas revenues. At the same time, trade with China has been—and will remain in the short term—unprofitable: traded gas volumes are used by the government in Ashgabat to repay the debt it contracted with CNPC for the construction of the China-Central Asian gas pipeline and the development of the Galkynysh gas field. The politico-economic imperative to repay this debt in the shortest timeframe possible does perhaps represent the ultimate rationale for Ashgabat's manifest willingness to revise upwards the amount of gas volumes to be sold to CNPC.

In its latest iteration, Turkmenistan's energy policy—a critical component in the survival strategies devised by the Berdymuhamedov regime—appears to be fundamentally dependent on China. The multi-layered nature of this specific dependency is an unprecedented feature of the Turkmen energy continuum, insofar as it strands beyond the export and infrastructure sector, and comes to permeate the strategically important areas of field exploration and development—two sectors in which Gazprom never enjoyed the monopolistic position currently occupied by CNPC. Is this scenario tolerable for the Turkmen regime, which has traditionally perceived its own stability as a function of the country's hydrocarbon clout? A closer look at the Turkmen economy seems to suggest that energy dependency is to become, in the medium-term, a significant source of instability for Berdymuhamedov and his associates.

Notwithstanding the unrealistic GDP data issued by the government since the mid-2000s, the Turkmen economy may have now entered a period of crisis. The snap-devaluation of January 1, 2015, when the *manat* lost approximately 20 percent of its value, led to rampant inflation, which hit food prices across the country particularly hard. The economic hardship experienced by the wider population was exacerbated by the government's associated decision to end the system of subsidies that traditionally regulated domestic energy use in both the residential and the transport sectors. Falling gas revenues certainly played a medium-term role in the progressive dete-

rioration of Turkmenistan's economic performance, whereas exogenous factors, and Russia's monetary crisis more in particular, acted as the short-term catalyst for the very negative juncture entered by the Turkmen economy in 2015.

In this context, long-term prospects of total gas dependency on China's purchases have come to haunt decision-makers in Ashgabat: any future decrease in either the prices at which gas trade with China is conducted or, most crucially, in the volumes bought by CNPC will further aggravate the ailing status of Turkmenistan's economy. The commercialisation of new gas relationships and the diversification of gas route exports—two objectives that the regime had apparently settled in 2009—did therefore return to the epicentre of Turkmenistan's foreign energy policy.

In this context, the operationalization of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project re-emerged as an apparently crucial end to be sought by the regime in Ashgabat. Providing an informed assessment of TAPI's operationalization prospects is ultimately germane to discuss how future patterns of gas (in)dependency will affect dynamics of regime stability in Turkmenistan: it is precisely to this issue that the next segment will focus its central attention.

The TAPI Saga: A Never-Ending Story

Since the mid-1990s, a very protracted series of brusquely interrupted negotiations, inconsequential quadripartite agreements, and opaque commercial deals characterised the development of the TAPI pipeline project. At the time of writing, construction works have yet to begin and, while total costs are soaring, the parties involved are yet to identify a commercial champion to execute the operationalization of the 1,814 km-long pipeline.

Speculations about Turkmenistan's interest in TAPI dated back from 1994-1995, when the late Saparmurat Niyazov established a negotiating table with Pakistan and Argentinian energy company Bridas to carry out a feasibility study for a Trans-Afghan natural gas pipeline, the route of which was to be eventually extended to the Indo-Pakistani border. This is not the place to re-analyze the intricate circumstances that saw Unocal and Bridas presenting competing visions for TAPI: nevertheless, a closer look at the factors that led to the project's progressive loss of relevance in the mid- and late-1990s does ulti-

mately facilitate a more focused understanding of the pipeline's current operationalization prospects.

Beyond the security concerns that crystallised while the Taliban were extending their control over increasingly larger portions of the Afghan territory, two critical questions, which were related respectively to supply and demand, did ultimately compromise the feasibility of TAPI in the 1990s. On the one hand, the size of Turkmenistan's total reserves was at the time believed not to be sufficiently big enough to support the 20 bcm to be pumped each year. On the other, international observers repeatedly questioned whether TAPI's main buyers—namely India and, to a lesser extent, Pakistan—held any potentiality as significant gas markets. Twenty years on, these specific concerns had all but vanished.

After a series of independent audits of specific gas fields, Turkmenistan's total gas reserves are now believed to constitute the fourth largest in the world: a 2013 assessment estimated that total proven reserves were amounting to 17.5 tcm. Official data on the natural gas sector, which the Turkmen government released for the first time in 2014, set a 2015 total production target of 83.8 bcm. Turkmenistan's export potential is therefore rapidly expanding, and will be further boosted by the entry into line of a domestic pipeline connecting the Dauletabadgas field with other major fields located in the country's Balkan *velayat*.

On the other hand, the recent economic development experienced by India and, to a lesser extent, Pakistan, strengthened the structural demand component of the TAPI project: the most recent estimates established that over 95 percent of the 33 bcm of natural gas currently projected to flow through TAPI will be purchased by India and Pakistan. Afghanistan, in this sense, is expected to represent a marginal buyer within the TAPI consortium: its involvement in the project is mostly connected to the transit stage, for which the government in Kabul is expected to reap some significant fees.

And it is precisely the issue of transit that has obfuscated the current implementation prospects for the TAPI pipeline project. Consortium members have reportedly settled on a rather definitive route for the TAPI pipeline, which is now planned to run through four Afghan provinces (Farah, Herat, Kandahar, and Helmand) before reaching Pakistan: in 2015, the security of the pipeline's Afghan segment, which stretches for over 800 km, represents a major concern, just as it did in the late 1990s. To

ensure the security of this segment, the government in Kabul has announced the deployment of up to 12,000 security personnel.

Some recent developments, at the same time, opened new scenarios for the wider Turkmenistan-Afghanistan security relationship, and TAPI implementation more in particular. Since late 2014, Taliban militia gained partial control over two Afghan provinces that border Turkmenistan, namely Faryab and Jowzjan. Potentially, proximity with the Taliban could present Turkmenistan with the opportunity to re-open those lines of communication that, in the late 1990s, allowed the Niyazov regime to establish a good relationship with the Islamic Emirate of Afghanistan. It is, however, virtually impossible to predict the impact that the re-establishment of Turkmenistan-Taliban relations could exert *vis-à-vis* the security of TAPI's Afghan segment, and whether such relations could ultimately facilitate the finalization of localized pacts with warlords and tribal leaders along the pipeline's projected route.

Failure to identify a commercial champion for the project has to be seen as the other major obstacle to full operationalization of TAPI. The legislative framework designed to regulate the consortium is rather comprehensive, while the Asian Development Bank has been acting, since late 2013, as the project's transaction advisor. To date, however, very little progress has been made in the identification and the appointment of a commercial leader for the TAPI consortium. In this context, Turkmenistan's sustained reluctance to allow a more flexible ownership structure for exploration rights has to date prevented the involvement of specific energy actors—Chevron and ExxonMobil in particular—which had initially expressed interest in leading the project currently estimated at US\$ 8-10 billion. Total, Dragon Oil, and Petronas are repeatedly tipped to be at the forefront

of the commercial race for TAPI consortium leadership: this race, in mid-2015, appears to be very far from being concluded.

Final Remarks

Turkmenistan has entered an energy cul-de-sac. The crystallisation of medium-term dependency on CNPC purchases has put the Berdymuhamedov regime in a very uncomfortable position. Banking on China's protracted gas 'thirst' and on long-term stabilization of gas prices might lead to a further contraction in Turkmenistan's total gas revenues. In an economic system where the hydrocarbon sector continues to account for 35 percent of GDP, 90 percent of exports, and 80 percent of fiscal revenues, long-term decline in revenues is a very risky option.

As diversification of the country's economic structures is simply not an option for a regime that thrives on monopolistic control of gas revenues, the only remedy to total gas dependency on China is represented by a further diversification of Turkmenistan's export routes. The expansion of gas linkages with South Asia, to be accomplished through the operationalization of the TAPI natural gas pipeline, does however represent a very challenging undertaking. Huge financial costs are not the only hurdle to the project's full implementation, as major security concerns and failure to identify a commercial champion appear to prevent TAPI development. A hypothetical relaxation of Turkmenistan's very rigid procedure in regulation of exploration and development of onshore gas fields might somehow facilitate the appointment of a consortium leader. TAPI's (in)security problems, on the other hand, appear largely intractable. Turkmenistan's security of gas export, in this sense, is not to be achieved by looking at TAPI.

An Ideal Investor to Come: Diversification of the Energy Exports of Turkmenistan

Nazik Muradova¹ (2015)

Turkmenistan possesses one of the world's largest gas reserves. Today, the country has the capacity to supply as much as 50-80 bcm of natural gas per year, and could double that output with the necessary infrastructure in place. However, the absence of geological surveys and feasibility studies prevents investors from evaluating the benefits of potential cooperative projects, and thus does not create much room for reaching concessions and consensus between foreign investors and state authorities.

In 1995, the UN General Assembly unanimously adopted resolution A/50/80, recognizing and supporting the permanent neutrality of Turkmenistan.² Given this neutral political stance, Turkmenistan does not aspire to participate in the competition for geopolitical influence in Eurasia and prefers to work with governments who are long-term and more reliable partners rather than private companies. As long as Turkmenistan meets its budgetary demands, the country's foreign policy goals and regional energy projects remain in line with the selected policy of permanent neutrality. However, given Eurasian dynamics and an increasingly fragile political balance, Turkmenistan potentially risks having its energy exports monopolized by a single importer, which jeopardizes national sovereignty and economic independence of the state.

During the 1990s-2000s, Turkmenistan's major gas importer changed from Russia to China. Iran has been a partner, but the volumes of imported natural gas from Turkmenistan cannot beat the current Chinese monopoly. Meanwhile, Europe has been

slow on promoting the trans-Caspian project of delivery of natural gas from Turkmenistan, and there is little prospect for future EU support. Hence, Turkmenistan's aspirations to diversify its energy exports are challenged by geographical and geopolitical interplay, as well as the country's own position on the distribution of energy contracts and cooperation with foreign investors.

While state security has always been a priority for Turkmenistan, the country's energy resources shall either help it to survive political and economic pressures from importers and strengthen national sovereignty, or lead to its ruin under the manipulation of the foreign actors controlling export routes and/or loans for the development of energy fields in the country.

This policy brief provides background on Turkmenistan's current position, and considers common ground for establishing cooperative relations between the country and foreign investing companies. It argues that there are legitimate concerns for Turkmenistan's government regarding risks related to distribution of the contracts, and provides an overview of potential effective ways for their regulation.

Turkmenistan's Resources

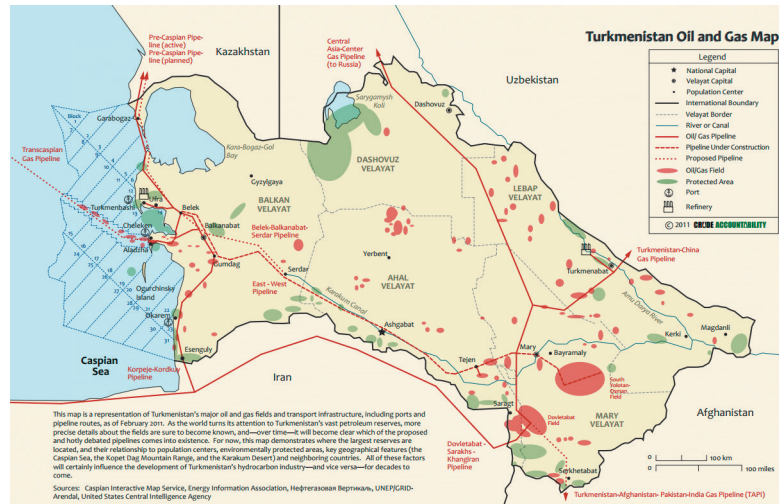
Turkmenistan possesses the world's fourth or fifth largest gas reserves, according to the only independent audit conducted in the country by British Gaffney, Cline, and Associates in 2008 and 2009.³ The Energy International Agency estimates "292 trillion cubic feet of natural gas in proved and probable reserves in the Caspian basin," including approximately 265 trillion cubic feet (Tcf) in Turkmenistan alone.

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2 "Fifteen Years of Turkmenistan's Permanent Neutrality Brought Steady Realization of Nation's Aspiration to Become Force for Progress, Says Secretary-General," United Nations, December 10, 2013, <http://www.un.org/press/en/2010/sgsm13316.doc.htm>.

3 John Foster, "Afghanistan, the TAPI Pipeline, and Energy Geopolitics," *Journal of Energy Security*, March 23, 2010, http://ensec.org/index.php?option=com_content&view=article&id=233:afghanistan-the-tapi-pipeline-and-energy-geopolitics&catid=103:energysecurityissuecontent&Itemid=358.

Map 1. Turkmenistan Oil and Gas



Source: Eurasian Security, <http://www.eurasiansecurity.com/energy-geopolitics/turkmenistan-pipeline-completing-east-west/>

This is a significant increase from the 94 Tcf estimated in 2009 in the *Oil and Gas Journal*.⁴

Gas reserves bring major and critical budget revenues. According to the Resource and Governance estimates, natural gas and oil exports count for 44% of Turkmenistan's budget revenues.⁵ The official data presented to the Asian Development Bank reported the energy sector constituted 90% of the total Turkmen exports, and contributed to almost the totality of an 11.4% industry expansion in 2014.⁶ Although Turkmenistan diversified its economy by creating manufacturing industries in textiles and food production, construction, and machinery, the energy sector still remains the main source of income and funding for national development programs. Therefore, the government makes an effort to ensure that those revenues serve national interests rather than line the pockets of private companies.

Turkmenistan does not aspire to participate in the competition for geopolitical influence in Eurasia. The country is not integrated into the regional energy trade and seeks individual solutions and bilateral partnerships in the diversification of energy production and exports. Given the current geopolitical makeup of the region, and Turkmenistan's position

within it, it is key for its future independence and long-term foreign policy objectives to diversify its gas market. Unfortunately, at present, Turkmenistan's gas market is highly monopolized, which jeopardizes the financial security of the state, and could potentially have political implications on state sovereignty. The Turkmen gas market is highly dependent on exports to China. Indeed, in 2014, almost 60% or 25.9 bcm of the 46.8 bcm in total exports were exported to China, while a mere 6.5 bcm went to Russia and 9 bcm to Iran.

The projected production of natural gas for 2015 is estimated at 83.8 bcm with 40 bcm exported to China alone and 4 bcm to Russia with further reduction.⁷ Projections by China National Petroleum Company (CNPC) and the Turkmen government envisage exports to China rising to 40-55 bcm in 2015 and 65 bcm by 2020.

Building a diversified energy export strategy is particularly important as the government announced the commercial development of the world's second largest natural gas field, Galkynysh, located in the south-west of the country. Galkynysh is expected to produce more than 1 Tcf when it completes phase 1 and an additional 1 Tcf when phase two is complet-

⁴ "International energy data and analysis," U.S. Energy Information Administration, 2014, <http://www.eia.gov/countries/country-data.cfm?fips=tx>.

⁵ "The 2013 Resource Governance Index," Revenue Watch Institute, http://www.resourcegovernance.org/sites/default/files/country_pdfs/turkmenistanRGI2013.pdf.

⁶ "Turkmenistan: Economy Indicators," Asian Development Bank, 2015, <http://www.adb.org/countries/turkmenistan/economy>.

⁷ "Milestone Year for Turkmen Gas Export to China?," Natural Gas Europe, February 10, 2015, <http://www.naturalgaseurope.com/milestone-year-in-turkmen-gas-export-to-china>.

Figure 1. TKM's Natural Gas Production Distribution

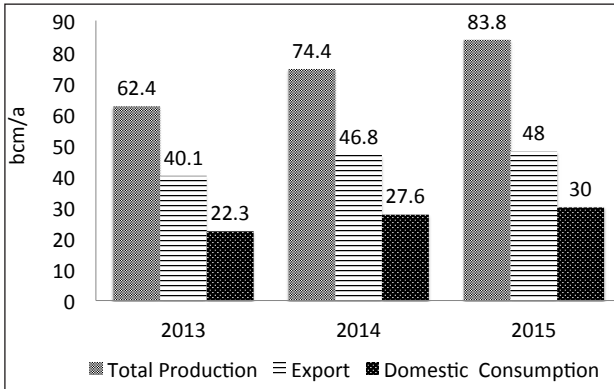
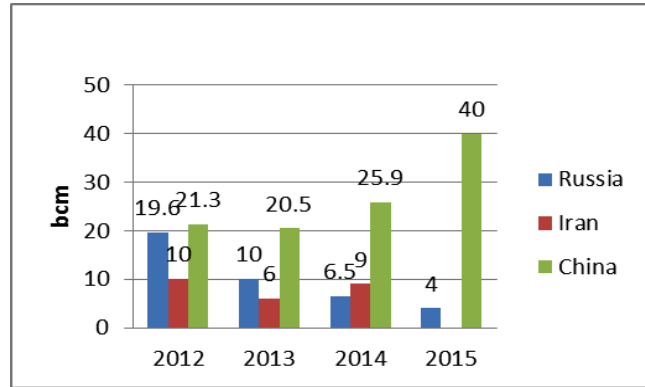


Figure 2. TKM's Export of Natural Gas



Source: Author's own figures

ed by 2018.⁸ In addition, other large operating sites are in development too, namely Dauletabad, Malai, Korpeje, Bagtyyarlyk (SamanDepe and AltynAsyr), and Shatlyk.

Background

In Soviet times, Turkmenistan was the second largest natural gas exporter after the Russian Federation (RSFSR). Russia supplied 92 bcm and Turkmenistan 78.7 bcm to the republics within the Soviet Union. Under this system, Turkmenistan received a hard-currency quota to export 13 bcm to Europe.⁹ For comparison, Azerbaijan produced 8 bcm per year, all consumed locally.¹⁰

While Russia and Turkmenistan served as the main gas sources for the Soviet Union, Azerbaijan served as one of its major oil sources. However, the paths of the two southern countries took very different directions after acquiring independence. While Azerbaijan's president, Ilham Aliyev, did everything possible to reconnect with the West using historical memories of Baku as the oil source to Western countries, Turkmenistan's president, Saparmurat Niyazov, continued the pattern of exporting mainly to Russia. Moscow continued to buy about 30 bcm per annum

of Turkmen gas for re-export to Europe, using traditional Soviet pipeline routes based on the South-North axis. This meant that Turkmenistan continued to receive income from its gas production without any disruption, which met the country's budget needs and did not require urgent foreign investment.

However, the system of mutual support and interdependence of post-Soviet states started to collapse by the mid-1990s, when accumulated debts for energy imports, as well as changing global prices for energy, pushed Turkmenistan to demand reconsideration of the prices and payment of debts. Russia's repeated attempts to control the prices of Central Asian gas supplies, as well as a major explosion on the pipeline in 2009 in Turkmen territory resulted in a sharp drop of the export levels to Russia.¹¹ Gazprom steadily cut imports from Turkmenistan, and in 2015 announced the import of a mere 4 bcm compared to 20 bcm in 2012.¹²

To diversify its exports, the Turkmen government turned to Iran, and then to China. The latter gradually became the main client of Turkmen gas. China also provides major loans to Ashgabat for the construction of downstream infrastructure, such as the Central Asian-China pipeline, and holds a PSA for the development of the Bagtyyarlyk site—one of the largest on-shore gas sites in Turkmenistan (see below).

8 "Galkynysh Gas Field, Turkmenistan," Hydrocarbons Technology Market and Customer Insight, 2015, <http://www.hydrocarbons-technology.com/projects/-galkynysh-gas-field-turkmenistan/>.

9 Aitor Ciarreta and Shahriyar Nasirov, "Analysis of Azerbaijan Oil and Gas Sector," United State Association for Energy Economics, 2011, http://www.usaee.org/usaee2011/submissions/onlineproceedings/ciarreta_nasirov-article1.pdf.

10 Ibid.

11 Andrey Vavilov and Georgy Trofimov, "The Struggle for Pipelines: Gazprom's Attempts at Strategic Expansion in the 'Near Abroad,'" The Centre for Research on International Financial and Energy Security, PENN State, 2013, http://crifes.psu.edu/papers/workingpaper_struggleforpipelines0913.pdf.

12 "Milestone Year for Turkmen Gas Export to China?."

Attempts by the Turkmen government to diversify exports and partnerships with other countries have been hampered by geopolitical realities. Iran and Turkmenistan are connected by two pipelines, the Dauletabad–Sarakhs–Khangiran and the Korpeje–Kordkuy, with a total capacity of 20 bcm per annum that could serve as a potential venue for transfer of Turkmen natural gas to Turkey and Europe via Iran. However, even if Western sanctions against Iran were to be lifted, Iran's own enormous gas deposits would become attractive for Western importers and there would be few incentives for foreign firms to invest in its Turkmen neighbor. The Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline could open up for Ashgabat an untapped market in South Asia, but the project implementation is held back by the conflict in Afghanistan. Azerbaijan could provide transit for Turkmen gas to Europe, but Baku and Ashgabat have been unable to reach an agreement on their territorial issues in the Caspian Sea.¹³ Both Iran and Russia are not in favor a trans-Caspian pipeline project, while the European Union and the United States have been reluctant to provide any kind of high level political commitment to it. For example, while some EU officials have declared they are expecting to receive Turkmen natural gas by 2019, Undersecretary of State and Latvian Minister of Foreign Affairs, Eduards Stiprais, stated that the EU cannot provide any support to the trans-Caspian project as the EU is not willing to trade one exporting monopoly of Russia for another.¹⁴ These statements indicate the EU and US's inability or unwillingness to give high profile support to Central Asia's energy diversification, pushing local governments to deal with regional powers such as Russia and China, and with private investors on their own.

While Turkmenistan is a landlocked country in the heart of Eurasia, its current energy exports are not limited solely by the country's location. Instead, Turkmenistan's position should be considered in the light of national security considerations in relation to foreign investment in gas production. The country does not tolerate political risks that could potentially come attached to economic opportunities when it comes to opening up its market to foreign investors.

The government is not willing to trade its untapped resources and let foreign investors exploit them in exchange for promises of massive income. Hence, the most important condition that the leadership of the country puts forward is the backing of private companies' projects by their respective government to ensure sustainability of the cooperation. This condition brings a long-term guarantee of stability and risk assurance for Turkmenistan, but also limits the opportunities for private companies to invest in the country.

The Private Sector in Turkmenistan

Private foreign companies are interested in upstream investments and obtaining Production Sharing Agreements (PSAs). PSAs involve the "management" of lucrative energy fields, as well as control over the regulation of expenses and payments. Turkmenistan prefers to hand out JVs (Joint Activity Agreements) for downstream infrastructure (pipeline) projects that do not provide as much leverage over resource extraction and profit making as a PSA does. It is open to providing PSA agreements to the private companies working on extraction of oil; however, the most profitable contracts are those that include gas production. JVs require cooperation with the state company Turkmengas, and sometimes with a number of other partners, which brings an additional layer of control from the side of the partner organizations and companies.

As of 2015, only two companies hold PSAs for development of the onshore gas sites:

- China National Petroleum Corporation International (2007): Onshore Bagtyyarlyk Contract Area on the right bank of Amu-Darya River in the east of the country. 19.8 million cubic meters of oil per day in 2013 and 8 bcm of natural gas per year in 2014.¹⁵
- Burren Resources Petroleum Limited (1996, acquired by the Italian ENI in 2007-2008): Onshore Neibitdag Contract Area in western Turkmenistan. 30,000 barrels of oil per day in 2007, 12,000 barrels of oil per day in 2009.

¹³ Akira Miyamoto, "Natural Gas in Central Asia: Industries, Markets and Export options of Kazakhstan, Turkmenistan and Uzbekistan," Royal Institute of International Affairs, Energy and Environmental Programme, 1997.

¹⁴ "Latvian Presidency and EU Policy Towards Central Asia," CACI Forum, April 28, 2015, <http://www.silkroadstudies.org/forums-and-events/item/13151-latvian-presidency-and-eu-policy-towards-central-asia.html>.

¹⁵ China National Petroleum Corporation, <http://www.cnpc.com.cn/en/>.

New PSA order to produce natural gas and transport condensed gas through the Caspian Sea to Azerbaijan.¹⁶

The terms and provisions of Model PSA and Model JVA, as well as legal provisions of the Petroleum Law of Turkmenistan, do not create extraordinary barriers to operations conducted by foreign investors within the country. On the contrary, as Shaw and Gregorian note, the change in the legal framework demonstrates a significant shift towards “more flexible forms of organization of petroleum operations to a large extent based on the international industry standards and experience.”¹⁷ However, while Turkmenistan brought its legislation in line with international standards, it is not eagerly opening up its resources to foreign private companies due to a number of risks existing in public-private relations which affect the security of the state. This paper suggests possible regulations to mitigate such risks to the country.

How to Structure the Relationship between the State and Private Companies

A productive relationship between a state and a private company requires transparency and predictability on both sides. There are three main issues to be considered when structuring public-private relationships: first, selection of companies; second, the type of agreement; third, mechanisms of financing. The regulations around these three risk issues shall be guided by the following general framework:

- Turkmenistan possesses rich natural resources that contribute the majority of its budget revenues. Therefore, the government has very high stakes and responsibility for the potential failure of some projects, which explains why it is risk averse and does not open up its industry easily.
- The overall purpose of risk regulation in Turkmenistan should be to provide an incentive to private companies to maximize

their efforts and to be rewarded by the government. In turn, this would bring maximum profit to the host state. An ideal type of regulation would involve monitoring and assessment rather than intervening in the operations and termination of the contracts as punishment for a failure.

- The goal of any type of cooperation should be enhancement and capacity building in the country that promotes sustainability of the industry and local communities. The key to monitoring and increasing the effectiveness of the social investment is capacity building, which requires empowerment of local community groups by the local government, as well as by private companies.

Selection of Companies

There are several risks related to the process of selection of the companies that any government is exposed to: fraud, conflicting laws and regulations, corruption, manipulation, and reputational risks.

First, it is important to have a guarantee that the company is able to fulfill its obligations and promises.¹⁸ For example, a company may declare that it intends to invest one billion dollars, whereas in fact it only possesses \$500 million. Compensation and penalty clauses are meaningless unless the company has the capacity to fulfill its contractual obligations if conflicts arise. The best practice to regulate this type of risk would be to ensure that companies follow domestic laws. To this effect, Turkmenistan has introduced the mandatory registration of branch offices of private foreign companies.

Second, the laws and regulations of the company's country of origin affect the relations between the host government and private companies. That might create a number of obstacles and disadvantages for the host state in case of dispute resolution over the conduct of operations and delivery of services. One such regulation is the anti-monopoly regulation, or the unbundling rule, of the EU's Third Energy

16 “ENI (Burren Energy PLC),” Crude Accountability, Who is Who Campaign, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/eni-burren-energy-plc/>.

17 Kevin L. Shaw and Levon L. Gregorian, “Legal Status of Production Sharing Agreements in Turkmenistan” (paper presented at the 4th Annual Seminar on Production Sharing Agreements in the CIS, March 21, 2001, <https://www.mayerbrown.com/Files/Publication/f2b77a0c-5cc9-4af7-a6e6-e9c9910d9d21/Presentation/PublicationAttachment/49120c94-3bbf-4524-bbef-ec9cb727e82b/820.pdf>).

18 “Promising Notes Can Be Less Than Promised,” Financial Industry Regulatory Authority, July 14, 2014, <http://www.finra.org/investors/alerts/promissory-notes-can-be-less-promised>.

**Box 1: Bidasand JV Yashlar vs. Turkmenistan.
Unforeseen Risks Related to the Process of Selecting Companies**

The first case of Turkmenistan's participation in arbitration took place in 1996. Bidas SAPIC of Argentina signed JVA Yashlar in 1991 after a bidding process for the Yashlar gas site in Turkmenistan was facilitated by US WaveTech Geophysical Inc. owned by Mr. Edward Gendelman. The dispute revolved around the contract between Bidas and the Turkmen government. The parties disputed whether the agreement was extant and should be respected or declared void. The parties called for compensation for the alleged breaches. Bidas urged the court to declare Turkmenistan guilty of being in breach of the agreement of JVA Yashlar; whereas Turkmenistan argued for improper procedures, numerous repudiatory breaches of the agreement and of the fiduciary duties of Bidas. The Turkmen government also asked to grant award for the termination of the agreement because it had been frustrated by reason of supervening circumstances.

Based on hearings and available documents it was revealed that WaveTech and Bidas arranged the bidding in a way that, while twenty companies expressed their interest in bidding for JVA Yashlar, no company other than Bidas qualified for participation. As a facilitator of the bid, Wavetech gained enough trust and influence over the Turkmen government that it convinced it of the benefit of the contract with Bidas over JVA Yashlar. The agreement was signed with a 25%/75% share for Turkmengeologiya and Bidas respectively.

JVA Yashlar was obliged to prevent loss and the waste of hydrocarbons and provide monthly reports on daily production quantities. During their operations, JVA Yashlar committed repudiatory breaches, such as ignoring financial and accounting provisions of the agreement, and did not comply with domestic laws and regulations, as well as breaching its obligation to report to Turkmengeologiya under the terms of the agreement. The Defendant also claims that Bidas breached its commitments regarding the type and manner of drilling, specified in great detail in the agreement. Finally, Bidas did not supply extracted product to the international market and, therefore, prevented international market prices for Turkmen natural gas both domestically and internationally.

While the Court dismissed the argument that the agreement was poorly constructed and Turkmenistan withheld this argument, it also found that the conditions for low interest in investment were in place. However, the Court also acknowledged the fact that Bidas used patronage and bribery to promote its interests in obtaining and implementing JVA Yashlar: "An allegation of unconditionality could not be upheld." At the same time, it was noted that Turkmenistan might have used JV Yashlar to bring capital investment and technology to develop country's hydrocarbon industry in the first place.

As a result of the arbitration, Bidas' agreement and licenses were suspended in 1995.

Source: International Court of Arbitration of the ICC. Interim Award Sentence. Arbitration Case No. 9151/FMS/KGA.

Package,¹⁹ wherein a company that develops a site cannot own the transmission and distribution capacity of the energy. This practice of dismantling an energy monopoly in the electric power sphere was replicated in the oil and gas industries, which created a number of disagreements and raised an important question over operation of the site and the pipeline.

Third, the mutual requirement of a good reputation makes both sides cautious of cooperation. "While private companies would be very hesitant to enter into contract with a country perceived as an unreliable partner, governments, on the other hand, worry about the risk of doing business with a firm that has a history of either not finishing projects or trying to renegotiate its work and other obligations. Additionally, defaulting might make it difficult to obtain investment funds for future ventures."²⁰

Lastly, a host country will need to manage public opinion and relations with civil society. There are a number of mechanisms that can be put into place to create a transparent bidding process. Local NGOs can be empowered to monitor and follow the process and assess projects in terms of the benefits to the community. Turkmenistan would do well to enhance human capacity in this regard. Transparency measures would also limit opportunities for corruption and manipulation perpetrated by private companies.

Thus, Turkmenistan as a host state assumes not only economic but also political risks. While the host country is in a position to take any lawful or unlawful action against an investor, it is not necessarily the case that the government would take advantage of this position as it hurts the image of the state and decreases the number of potential investors.

19 Theresa Sabonis-Helf, "Russia and Energy Markets," in *New Realities: Energy Security in the 2010s and Implications for the US Military*, ed. John R. Deni (Carlisle, PA: U.S. Army War College, 2014), 15-46.

20 Kirsten Bindemann, "Production-Sharing Agreements: An Economic Analysis," WPM No. 25, Oxford Institute for Energy Studies, Oxford, October 1999, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/WPM25-ProductionSharingAgreementsAnEconomicAnalysis-KBindemann-1999.pdf>.

Box 2: Kazakhstan's Kashagan. The Failed JVA and Environmental Damage

The Kashagan oil field is one of the most difficult in terms of technical development. It is extremely remote and its geology requires special extraction techniques. The laws of Kazakhstan do not allow burning associated gas, and developers had to reinject it back into the well. In addition, the demands of local workers increased alongside tightened environmental regulations. All of that increased the cost of operations for Kashagan and led to delays in the operation.

The contractor, North Caspian Operating Company (NCOC), underestimated the importance of Kashagan to Kazakhstan's leadership, as well as its technical complexity. When operations started, the NCOC could not foresee the environmental damage caused to the site or its impact on local communities. The gas leak in the pipeline led to flaring, which was prohibited by the law.

In 2007, Italian ENI, which was the major operator under the JVA, announced the delay in production for three years until 2010, and increased the total cost of development of the site from \$57 billion to \$136 billion. As a result, Kazakhstan revoked the environment permit of NCOC (then known as Agip Kazakhstan North Caspian Operating Company N.V.) and froze the project for investigation, evaluating ENI's actions as threatening national security.

In 2008, the government of Kazakhstan required JVA partners including ENI to pay compensation for environmental damages of \$3.5 billion over the lifetime of the project. The major operator, ENI, changed to ExxonMobil and ConocoPhillips, the consortium renamed to NCOC. Kazakhstan's government gradually increased its stake in the project. Using its preemptive right, the government bought ExxonMobil and ConocoPhillips's stakes and sold them to China's CNPC.

The new consortium is composed as follows: ENI (16.81%), Royal Dutch Shell (16.81%), Total S.A. (16.81%), ExxonMobil (16.81%), KazMunayGas (16.81%), China National Petroleum Corporation (8.4%), Inpex (7.56%).

However, the change of the name and reshuffling of the operators did not preclude the environmental damage. In 2013, the pipeline was shut down and the remaining gas (Hydrogen Sulfide H₂S) was burned, releasing sulfur dioxide into the atmosphere. Kazakhstan's environment ministry issued a \$735 million fine to be paid by the operators.

Sources: *The Economic Intelligence Unit*,

<http://www.eiu.com/industry/article/1351616119/government-fines-kashagan-for-environmental-damage/2014-03-12>; Shamil M. Yenikeeff, "Kazakhstan's Gas: Export Markets and Export Routes," *Oxford Institute for Energy Studies*, 2008.

The Type of Agreement

There are two main types of agreements — A Production Sharing Agreement (PSA) and a Joint Venture Agreement (JVA).

A PSA is a type of contract whereby the host state awards the exploration and production rights of a resource to a company in exchange for a share of the profits from the production of the resource. In Turkmenistan PSAs are structured based on the international Model PSA.²¹ Since only a few new agreements were signed in the last several years, the type of PSA is universal for all companies. The PSA authorizing body in Turkmenistan is the National Committee for Hydrocarbon Resources.

PSAs became common in Asian countries starting in the 1950s because they offered an alternative to the concessions practiced during colonial time and formalized the relations between the host state and the company.²² Later, with independence, this practice was adopted in the Caspian region as well. While a PSA is an attractive type of contract for private companies, since it often provides full authority over

the operations on the site, it entails risks for the host states related to certain provisions of the contract: cost recovery and social corporate responsibility.

The company is tempted to prolong or shorten the process of extraction to maximize its profits and may ignore its obligations under the contract unless they are thoroughly detailed in the agreement, or there is an effective control mechanism over implementation of the contract terms. One of the violations masked under the contract terms is the claim for financial reimbursement by the company from the host government. The contractor brings all necessary equipment and assets into the country. While the host government does not invest in the project in a traditional way, it reimburses all the costs of the technical and financial services related to exploration and development of the operations. The complexity and cost recovery provisions of PSAs leave room for companies to maneuver and gain more profit. Article 13 of the Model PSA on Cost Recovery and Production Sharing allows the companies to decide on and count their own expenses, bill them to the state, and deduct them from the profit as part of the

21 Daniel Johnston, *International Petroleum Fiscal Systems and Production Sharing Contracts* (Tulsa, OK: Penn Well Publishing Company, 1994).

22 Bindemann, "Production-Sharing Agreements."

cost recovery rule. In addition, unless the costs are fully recovered, the host country receives a small portion of the profit oil, which is the net volume of oil distributed after recovery of all costs. Thus, the government acts as an employer where the contractor is paid despite the success or failure of the project.

Another layer of distrust and risk is added through potential environmental damages and violations of the corporate social responsibility principles by private foreign companies.²³ The majority of old types of PSAs do not include special provisions on environmental damages or improvement of community environment around the site. As a solution to the aforementioned risks, a different type of contract offers more room for regulation with direct involvement of the state and the partners, where everyone has a stake in the project and invests according to their share.

The JVA, which dates back to the proposal of the American Association of Petroleum Landmen in 1956,²⁴ consists of an operator responsible for the exploration and development of operations, supervised by an Operating Committee which includes all parties of the venture who have votes on decisions of operations in proportion to the size of their stakes.²⁵ Under this type of agreement, both the host state and the company own equipment and facilities, as well as production rights. The agreement stipulates no cost recovery, and grants production rights to each party involved in the venture. As a result, the host state and private company share the costs, risks, and liability for implementation of the project.²⁶

While this is also an attractive form of agreement for exploration and exploitation of the gas fields in Turkmenistan, as well as infrastructure energy projects, private companies give a preference to PSAs as they empower them with full control over operations. Another challenge that JVAs might face is establishing an Operating Committee and project leader. One example of such a project is the TAPI pipeline, where Turkmenistan invites companies to head the Operating Committee, but the companies demand a

stake in Turkmenistan's biggest gas site, Galkynysh, in exchange for their expertise in implementation of the project.²⁷ As a result, the project cannot obtain an experienced operator to oversee it, which leads to delays in investment and implementation.

The Financial Mechanism

The energy industry is one where commercial and economic interests are closely intertwined with political ones. For example, Turkmenistan's decision to approach China regarding a gas pipeline was a political, rather than an economic decision. Turkmenistan was trying to bring in new partners and needed to accelerate the speed of redistribution of its natural gas exports to clients other than Russia and Iran. By the same token, China's leadership carefully weighs the stability and durability of the regimes that it partners with, and assesses potential legislative conflicts; its position on the pipeline was equally political.

For the development of Turkmenistan's largest natural gas site, Galkynysh, the Turkmen government uses loans and investments from China. Still, the Turkmen government needs additional resources and investments to develop additional pipelines. Most companies have demanded a stake in Galkynysh, which the government is reluctant to provide in the form of PSAs, but is open to negotiations of JVAs. Under a PSA companies do not own their investment and are able to trade their contracts and sell them to other actors. Similarly, they are able to use all the equipment and assets as they see fit. Thus, it puts a host country such as Turkmenistan into a position where it nominally owns the site and all installations on it, but *de facto* investors can do anything they deem necessary. Due to this, Ashgabat is not rushing to distribute contracts, but is carefully weighing its options.

One of the requirements that the government puts forward is investment into the downstream infrastructure. Downstream investment pipelines are

23 Paul Stevens et. al., "Conflict and Coexistence in the Extractive Industries," *Chatham House Report*, November 2013, http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Energy,%20Environment%20and%20Development/chr_coc1113.pdf.

24 Andrew B. Derman, "The New and Improved 1989 Joint Operating Agreement: A Working Manual," Natural Resources Law Section monograph series No. 15. University of Tulsa, National Law & Policy Institute, 1991, <http://www.tklaw.com/files/Publication/ef72d02f-06e2-490f-8806-747ea801df05/Presentation/PublicationAttachment/7719816f-42b1-47ff-9a57-afa788bb4aef/New%20and%20Improved%20-%20Derman.pdf>.

25 John Wilkinson, *Introduction to Oil and Gas Joint Ventures: United Kingdom Continental Shelf*, vol. 1 (London: Oilfield Publications Ltd., 1997).

26 Keith Blinn et al., *International Petroleum Exploration and Exploitation Agreements* (Smithfield, RI: The Barrow Company Inc., 1986).

27 Tavus Rejepova, "Turkmenistan Sets Ambitious Production Targets Amidst Bleak Gas Sale Prospects," *The Central Asia-Caucasus Analyst*, April 24, 2013, <http://www.cacianalyst.org/publications/analytical-articles/item/12694-turkmenistan-sets-ambitious-production-targets-amidst-bleak-gas-sale-prospects.html>.

Box 3: CNPC in Turkmenistan

While Turkmenistan reserves the right to explore onshore gas sites after its national companies, there is an exception to this rule. China's CNPC is the only foreign company to receive a PSA to work on the onshore Bagtyýarlyk gas site. This came as a surprise to everyone. However, the CNPC case in Turkmenistan signals two important aspects of working within the country. First, the foreign company is supported by its government, which provides security and confidence in lawfulness as well as risk insurance for Turkmenistan: in case of a dispute the company will bear responsibilities enforced by the Chinese government. Second, Ashgabat, which is looking for alternative sources of revenue and shaking off Russia's dominance over national exports, agreed to receive a loan from the Chinese government in exchange for a guaranteed gas supply, as well as development rights for one of the rewarding onshore gas sites.

As a result, China's CNPC is not a 'regular player,' rather it uses its connection to the government to loan money to Turkmenistan for construction of the gas pipelines and in return receives a share in its energy production as a payment for the loan. These two conditions are something that Western companies cannot offer. Western companies only invest into pipelines in order to monetize the upstream investment that they have made. It is only a small profit that comes from pipelines. While Turkmenistan takes the risk of having one partner dominating its exports, it wins in the sense that its objectives are fully met. It has a foreign company building a pipeline together with the national companies in the form of a joint venture, and it ensures stable, long-term budget income from the export of its natural commodity.

Sources: Steve LeVine, *The Oil and The Glory* (New York: Random House, 2007); Interview with Edward Chow, CSIS, Washington DC, March 19, 2015; *Turkmenistan Business Law Handbook: Strategic Information and Laws* (International Business Publications, 2013).

mostly equities of the states where countries charge for the use of their territory and pipelines for transit of energy resources; thus, private companies are not interested in this type of investment. Although pipelines are the monetizing tool of the energy extraction, companies prefer to own them as part of their PSA because it adds credibility to their contract.

This conflict of interest between the host state and private companies pushes the state to pursue foreign loans instead of direct investment. For example, CNPC does not invest into Turkmenistan's largest gas project, Galkynysh, but State Development Bank of China provides loans for infrastructural development of the site.²⁸ Given current conditions, where China is the country's sole creditor, one of the issues that Turkmenistan may potentially face is repayment of Chinese loans in the form of equity in its gas projects. Currently, Turkmenistan owes China roughly \$10 billion in credit, which includes a loan of \$4 billion provided in 2009, and another one of \$4.1 billion in 2011.²⁹ Under the terms of the loan agreement, Turkmengaz and the China Development Bank signed a cooperation agreement on financing the second phase of development at Galkynysh. Turkmengaz

also signed an agreement with CNPC for export of 25 bcm of natural gas to China, and a contract for construction of an upstream complex with a capacity to produce an additional 30 bcm for export.³⁰ At the Galkynysh gas field, UAE's Petrofac International LLC, China's CNPC Chuangying Drilling Engineering Company Limited, and South Korea's consortium of LG International and Hyundai Engineering Co. Ltd. built three gas processing plants with a combined annual capacity of 30 bcm, for \$ 9.7 billion.³¹

Another example of the use of China's loan is the Central Asia-China pipeline. One of the most notable facts about the pipeline is that it holds dual ownership. Therefore, the investment was split between China and three Central Asian nations—Turkmenistan, Uzbekistan, and Kazakhstan. This allows China to hold the ownership on every route of the pipeline without the risk that the Central Asian countries will shut down the gas supply in the case of confrontations with one other.³² This is something that is not possible for private companies to do if they invest in infrastructural projects, as they lack the layer of jurisdiction over the project that state backed companies or foreign governments offer.

28 "Turkmenistan eyes \$4.1 bln China loan for gas field," *Reuters*, August 13, 2010, <http://www.reuters.com/article/2010/08/13/gas-turkmenistan-china-idUSLDE67C0LL20100813>.

29 Alexander Vershinin, "China Loans Turkmenistan \$4 bln in exchange for gas," *Business Week*, April 26, 2011, <http://www.businessweek.com/ap/financialnews/D9MRG3CO0.htm>.

30 Tavus Rejepova, "China Reach New Energy Deals," *The Central Asia-Caucasus Analyst*, October 16, 2013, <http://www.cacianalyst.org/publications/field-reports/item/12834-turkmenistan-china-reach-new-energy-deals.html>.

31 Ibid.

32 *Turkmenistan Business Law Handbook: Strategic Information and Laws* (International Business Publications, 2013).

Most importantly, by ensuring possession of equity in the pipeline, China protected itself from economic risks and can pursue geopolitical interests. It also met Turkmenistan's demand for governmental backing of the energy projects.³³ This is an element lacking in the work with foreign private companies, which creates the risk of mismanagement of property and resources by private actors.

Conclusion

Turkmenistan's energy exports bring major budget revenues and create a risk of dependency on the main importers of its natural gas, such as China or, previously, Russia. Understanding this situation, the government is making an effort to diversify its energy export routes by constructing alternative pipelines for transportation of the natural gas to other regions in Eurasia. Turkmenistan needs to create a business model of strategic sustainable development for the industry. It is logical to adhere to the policy of distributing contracts to companies backed by the state for projects implemented at the inter-governmental level because they provide a more solid platform for the contracts, and less of a chance for disputes and arbitration. However, this approach limits the choice of companies and partners.

To avoid potential risks, it is necessary to structure the relations with private companies from the very beginning of the selection process. More transparency on the national and international levels around bids and tenders would bring more reliable companies with better reputations to participate in the competition for development of the natural gas sites. This reduces the risk of fraud and corruption, and creates a positive image around the project. Transparency and open competition add credibility to the deal, and allows for public oversight of the company's offer. Moreover, this process empowers local communities to hold companies accountable for development and improvement of the local environments, which adds a layer of assessment and

monitoring over the operations. As a result, this process promotes capacity building at the national level, which should be an ultimate goal of any industrial, commercial, or development project.

To structure the relations with private companies and allow for the sharing of development costs, risk, and liability, it is necessary to promote the type of agreement that fits the interests of all parties, and shares the responsibility amongst all. It is in the interest of the country to hold ownership rights over the site; however, it is also for the benefit of the country to maximize the profit through effective capacity building and sharing of duties. Therefore, for operation of the JVA, the primary goal should be to select the right operator for the joint venture and share the costs and profit with the partners to provide an incentive and a reward for participation in the joint venture, which benefits to the host state. It is also necessary to provide clear guidelines on oversight, decision-making, and dispute resolution. This will allow for smooth implementation of the contract, knowledge and expertise transfer to the local partner, and development of the gas sites.

Finally, while an ideal type of investment is a mix of state and private funding, the fusion of public and private investment funding is very rare. In this regard, it is necessary to develop a mechanism of effective cooperation on downstream infrastructure projects between Turkmenistan and private companies. While the companies are reluctant to invest solely into the pipelines without a stake in the gas field, they would be keener to do so if Turkmenistan shares the cost of that project or provides solid guarantees of the profit to be made from the gas fields. Implementing the first two recommendations, as well as company selection and signing of the agreement, might help to make Turkmenistan less risk averse as it would find more reliable partners. This could result in the implementation of the type of projects which would disperse national security concerns, benefit private companies and the host state, and ensure capacity building on the local and national levels.

33 Bernardo Mariani, "China's role and interests in Central Asia," Saferworld Briefing, October 2013.

Appendix I

In 2015, nine companies hold PSA and JVA for operations in Turkmenistan.

Company name	Contract Area	Volume of Production
PetronasCarigali (Turkmenistan) Sdn. Bhd (1996) Origin: Malaysia	Offshore Block 1 Contract Area in the Turkmen sector of the Caspian Sea	Of natural gas: 5.5 bcm in 2010. ³⁴ Of oil: not found
Burren Resources Petroleum Limited (1996, recently acquired by ENI) Origin: Italy. ³⁵	Onshore Neibitdag Contract Area	Of oil: 30,000 b/d in 2007, 12,000b/d in 2009 New PSA order to produce natural gas and transport condensed gas through Caspian to Azerbaijan
Dragon Oil Turkmenistan Ltd (1999) Origin: 50% Dubai + stocks on Orish and London stock exchanges. ³⁶	Offshore Cheleken Contract Area in the Turkmen sector of the Caspian Sea	Of oil: 93,000 b/d in 2015
Mitro International - Turkmennebit ³⁷ [Turkmen Oil] State Concern Consortium (2000) Origin: Austria. ³⁷	OnshoreHazar Contract Area	Of oil: 7000 b/d in 2007
Wintershall Holding AG/Maersk Oil/ONGC Mittal Energy Ltd Consortium (2002) Origin: Denmark, Germany, India. ³⁸	Offshore Blocks 11-12 in the Turkmen sector of the Caspian Sea	Not found
China National Petroleum Corporation International (2007) Origin: China. ³⁹	Onshore “Bagtyyarlyk” Contract Area	Of gas: 19.8 million cubic meters/d in 2013 and 8 bcm/y in 2014
Buried Hill Energy (2007) Origin: UK. ⁴⁰	Offshore Block 3, also known as Serdar field, in the Turkmen sector of the Caspian Sea	Conducting studies on Serdar/Kapaz disputed site
RWE Dea AG (2009) Origin: Germany. ⁴¹	Offshore Block 23 Contract Area in the Turkmen sector of the Caspian Sea	Conducting environmental and 3D seismic studies in preparation for drilling operations
Itera (2009) Origin: Russia. ^{42, 43}	Offshore Block 21 Contract Area in the Turkmen sector of the Caspian Sea	Of oil: estimated 219 million tons of recoverable oil Of gas: estimated 92 billion cubic meters of associated gas.

34 “Petronas Carigali (Turkmenistan) SDN BHD – PC(TC)SB,” Crude Accountability, Who is Who Campaign, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/petronas-carigali-turkmenistan-sdn-bhd-pctcsb/>.

35 “ENI (Burren Energy PLC),” Crude Accountability, Who is Who Campaign, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/eni-burren-energy-plc/>.

36 “Dragon Oil raises Q1 output from Turkmenistan Fields,” *Reuters*, April 16, 2015, <http://uk.reuters.com/article/2015/04/16/dragon-oil-production-idUKL5N0XD1WZ20150416>.

37 “Mitro International Limited (Austria)/Turkmennebit Consortium (The Khazar Consortium),” Crude accountability, Who is Who Campaign, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/mitro-international-limited-austriaturkmennebit-consortium-the-khazar-consortium/>.

38 “Turkmenistan’s Crude Awakening Oil, Gas and Environment in the South Caspian,” Crude Accountability, January 2009, <http://crudeaccountability.org/wp-content/uploads/2012/10/20090116-ReportTurkmenistansCrudeAwakening.pdf>.

39 China National Petroleum Corporation, <http://www.cnpc.com.cn/en/>.

40 Burried Hill, “Turkmenistan operations,” <http://www.buriedhill.com/Operations/Turkmenistan/>.

41 “RWE,” Crude Accountability, Who is Who Campaign, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/rwe/>.

42 “Itera and Zarubezhneft,” Crude accountability, Who is Who Campaign, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/itera-and-zarubezhneft/>.

43 “Investment Climate Statement 2014,” The U.S. Department of State, <http://www.state.gov/documents/organization/228818.pdf>.

Turkmenistan: Domestic Evolution, Economic Development, and Regional Environment

Myles Smith¹, Chris Miller², Theresa Sabonis-Helf³, Jan Šír⁴, Kenyon Weaver⁵, Nazik Muradova⁶, Slavomir Horák⁷, Sebastien Peyrouse⁸, Victoria Clement⁹, Aynabat Yaylymova¹⁰ (2015)

On May 18, 2015 the Central Asia Program hosted a conference on the current environment in Turkmenistan entitled “Turkmenistan: Domestic Evolution, Economic Development, and Regional Environment.” The following is a summary of the event and presentations given by the panelists.

Turkmenistan is the most closed off country in Central Asia and one of the most closed in the entire world, after North Korea and pre-reform Burma. However, since the presidential turnover in December 2006, the country has been slowly and discretely evolving, both in its domestic and foreign policies. President Gurbanguly Berdymuhamedov has been gradually adjusting its foreign policy to its regional environment, trying to make the country more welcoming to international cooperation as well as inviting external actors, such as China, to engage. Authorities have also been progressively loosening the ideological pressure on their citizens: it remains high, but new modest spaces of freedom have been emerging. Alongside the Russian economic crisis, the socio-economic situation in Turkmenistan has been deteriorating throughout 2015, but the rentier state still hopes to enjoy a new rise in gas prices to help combat these difficulties.

The first panel consisted of experts on governance changes in Turkmenistan. **Myles Smith** opened the conference with a discussion on the possibility of good governance in the country. Gurbanguly

Berdymukhamedov took over the Turkmen presidency in early 2007 and made a few meaningful and rational reforms to the economy and society overall. These included reinstating a basic 12 year education, disbanding the People’s Council, allowing limited Internet access, reducing consumer energy subsidies, and unifying the official and unofficial exchange rates. However, many pro-forma democratic reforms, particularly in more recent years, indicate that political will for meaningful reform has strict limitations. But even if Berdymukhamedov had the will to improve governance, his blatant support of an ever-growing personality cult surrounding himself precludes the possibility of accomplishing these more complex changes. Doing so would require concerted, planned, and coordinated action by the bureaucracy to reduce corruption and reorient the government from a provider of public goods to a provider of public services. Instead, free actors within the bureaucracy compete to aggrandize the president and appropriate public wealth. As long as the president continues to reward such efforts, the incentives and structures for long-term government service improvements cannot exist.

Chris Miller followed with a presentation on governance challenges and opportunities in Turkmenistan. Last year, the U.S. Agency for International Development (USAID) Central Asia Mission released its “Regional Development Cooperation Strategy: 2015 — 2019.” This strategy represents the latest phase of U.S. Government support in the Central Asian republics of Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan. In order to achieve the stated goal of “enhanced regional cooperation and broad-based prosperity,” USAID has identified three development objectives, two of which are actively being pursued in Turkmenistan.

1 IREX.

2 USAID.

3 National Defense University.

4 Charles University, Prague.

5 Dentons LLP.

6 Central Asia Fellow, GWU.

7 Charles University, Prague.

8 Central Asia Program, GWU.

9 Naval Postgraduate School, Monterey, CA.

10 Program Director, Turkmenistan Health Initiative (www.saglyk.info).

The latter include: an expanded and competitive trade and markets as well as more effective and inclusive governance institutions that serve the public good. The initial stages of implementation of this strategy provide a timely opportunity to reflect on the role of the Government of Turkmenistan in the processes of international donor agencies. Such analysis is particularly relevant given the wider trends in the development community focused on increasing aid effectiveness.

The second panel focused on economic development, progress, and challenges. **Theresa Sabonis-Helf** focused on regional electricity. For the time being, Turkmenistan has opted to concentrate on regional electricity export, rather than pursue new natural gas export routes. This choice reflects a preference for economic risk over political risk. A strategy of exporting electricity is being pursued by several other post-Soviet states, which to some extent intend to compete with one another. Turkmenistan's approach is notably ambitious, not only compared to other regional partners, but to global electricity export approaches.

Jan Šír next addressed the issue of privatization under Berdymukhammedov. Despite the fact that more than two decades have passed since the Soviet collapse in 1991, Turkmenistan remains in an early stage of market transition. International institutions regularly rank the country as the least developed transitional economy, with the private sector accounting for only some 25 percent of the nation's GDP. Following the death in office of Saparmurat Turkmenbashi, Turkmenistan's first president, Gurbanguly Berdymukhammedov took power in late 2006. Shortly after assuming office, he announced an ambitious program of reforms aimed at gradual market transition, diversification of the economy, and integration into the international system. This process gained an impetus with the adoption of a state program of denationalization and privatization of state property in Turkmenistan and a new denationalization and privatization bill in 2012 and again in 2013. However, serious systemic deficiencies still need to be addressed for the entire endeavor to eventually succeed. These include shortcomings in the rule of law, governance, and tackling corruption to name a few.

Kenyon Weaver rounded out the second panel with a presentation on how Turkmenistan developed its own national body of commercial law after independence from the Soviet Union. According to

him the country's legal development can be divided into three stages: independence; consolidation; and re-orientation. In each, Turkmenistan addressed critical challenges to its legal framework. Independence required a new constitution and laws permitting the country to engage in both domestic and foreign investment. Consolidation saw the development of detailed codes so as to fully replace Soviet laws. Re-orientation brought an explicit focus on legislation that would facilitate a limited market economy. Currently, therefore, there is a significant body of commercial law in Turkmenistan. There are, moreover, established agencies with delineated authorities. As a result, there are a number of areas where it is now clear whether and how commercial actors will be regulated. Further development towards a market-oriented legal regime will likely require addressing those areas where it is not clear. While additional legislation is part of the solution, harmonization among existing legislative mandates, predictable and consistent application of existing legislation, and interagency coordination, among other potential steps, may also be mutually beneficial.

Nazik Muradova opened the third panel, focused on Turkmenistan in its regional environment, with a presentation on the country's regional energy initiatives.

While some claim that the policy of positive neutrality has allowed Turkmenistan to stay outside of regional and international politics, Nazik's paper argues that the country in fact promotes its long-term foreign policy objectives through pursuing energy interests and projects in Eurasia and has already achieved several successful results. The overarching foreign policy goal for Turkmenistan is to diversify its energy export routes. To demonstrate the argument, this paper presented three case studies as evidence of a proactive as well as reactive position of Turkmenistan in regard to its foreign policy objectives in establishing energy trade relations with various actors.

The first case study is the TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline. TAPI could potentially become Turkmenistan's critical project on the transportation of natural gas to the markets of South Asia. TAPI is seen as an alternative route, connecting Central and South Asia, thus avoiding Russian and Chinese domination, and the issue of partnering with Western countries. However, the TAPI objective is impossible to achieve without the stabilization of Afghanistan.

The second example is the Trans-Caspian project. This project would benefit the maximum number of participants including suppliers, recipients, and transit states, thus helping to solve a number of inter-state tensions throughout the region. Some of the obstacles to implementation of the project include a disputed gas site between Azerbaijan and Turkmenistan, Russia's and Iran's opposition, the EU's reluctance, and Turkmenistan's investment climate. In the discussion of the Trans-Caspian pipeline project, Turkmenistan took a semi-active/reactive position, as there are a number of geopolitical issues around the Trans-Caspian pipeline project that Ashgabat seeks to resolve collectively.

The third case study is the TUTAP (Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan) regional initiative. TUTAP is not a priority of Turkmen foreign policy agenda because the project creates an energy hub in Afghanistan, connecting it with Central Asia rather than creating a new energy route. However, the project is complimentary to Turkmenistan's tactics of stabilization for Afghanistan and therefore, gets Ashgabat's support.

Slavomir Horák followed with a discussion of relations between Turkmenistan and Uzbekistan. Turkmen-Uzbek relations are one of the most noteworthy and contradictory in the region. During the last twenty years the two countries have passed through periods of mutual isolationism and even hostility, as well as cautious cooperation. The author argued that such up- and down-turns in the relations are caused in particular by two principal factors. First, personal relations between the countries' two presidents are the most important issue as the mechanisms of foreign policymaking in both countries are highly personalized. The personal issues played a substantial role particularly during the time in office of the first Turkmen president Saparmyrat Türkmenbashi. However, personal factors have not been able to achieve more cooperation even after the election of the second Turkmen president. Secondly, external factors, mainly growing Chinese interests in the region, have cemented the relations of the two countries in recent years regardless of the personal component. As real bilateral affairs in political, economic, and especially in humanitarian spheres are still far behind their potential, the presentation argues that common interests brought both states closer together.

Sebastien Peyrouse was the final panelist of the third session and focused on political pragmatism and security tensions between Turkmenistan and

Afghanistan. Since independence, the Turkmen government has put into place several strategies to develop political relations with Afghanistan, and has been able to negotiate with all the actors in this country. For Ashgabat, its relations with its southern neighbor have several important parts:

First, political: The two Turkmen presidents have been legitimately concerned about the political instability of their neighbors, fearing potential spillovers onto their territory. Turkmenistan has been able to maintain relations with all political regimes in Afghanistan, whoever they have been, including the Taliban. Moreover, by working as a mediator between the factions involved in the Afghan conflict, and as a—modest—actor in the reconstruction of Afghanistan, Ashgabat has been enabled to establish itself, to a certain extent, in the regional and international arenas of 'Afghanistan neighbors.'

Second, economic: Afghanistan is an export route and at least potentially can open the way to the distant markets of South Asia. Turkmenistan has strived, ever since independence, to develop relations with Afghanistan through infrastructure projects (gas, electricity, roads and railways) and cross-border trade. Lastly, Ashgabat offers some financial and technical assistance to the Turkmen minorities in Afghanistan. Whatever the extent of their relations, the future of both states remains intrinsically connected, and any regime change in either state would not be without notable political and economic consequences to its respective neighbor.

The final panel was devoted to historical and social transformations in Turkmenistan. **Victoria Clement** opened with a presentation on Turkmen Jadids. Though Turkmen have traditionally been left out of the history of Central Asian reform movements, they should be included as a tiny but disproportionately influential group of progressives that worked to reform schools and social ways.

As sites of mass communication and the 'imagined community,' newspapers and education are important to modernity. In the 1910s, Muslims throughout the Russian Empire identified education in need of change in order to modernize. This is most visible in the works of Tatars and Uzbeks, but Turkmen also sought reforms. A small but significant number of Turkmen traveled around Russia and beyond, studying and taking in the greater world. They then targeted the spread of literacy as a means for aligning their community with the modern world. Victoria argues, based primarily on her reading of the Turkmen lan-

guage newspaper *Ruz-name-iMawara-i Bahr-iHazar*, that in the early 20th century a small but significant Turkmen cohort sought to engender socio-cultural change in their communities. This study demonstrates the importance of the emergence of a print culture in helping to shape a modern Turkmen identity, while it illuminates details from the pre-Soviet Turkmen press about education and Islamic values.

Aynabat Yaylymova continued the panel with a discussion surrounding reproductive health in Turkmenistan. Young people comprise a large percentage of the population in Turkmenistan. They are online and they need quality information in their own language to engage in informed discussions on topics relevant to their lives. This is not only true in the case of the public health, but for almost any topic such as literature, arts, and science. Lack of opportunities for constructive online engagement, educational materials on issues that matter to an average Turkmen, a weak online culture of engagement coupled with a strong culture of self-censorship holds back the development of meaningful public discussions. It also hampers the development of a Turkmen language that can tackle modernity, new concepts, and various other aspects of human relations. Turkmen want to expand their knowledge and their language by reading, writing, and discussing issues in Turkmen, but for now opportunities are few. The Turkmen public simply does not have modern, up-to-date information, materials, and books in the Turkmen language either in print or online.

Young Turkmen are facing many challenges, but one area that many young people agree on is access to credible information to protect their sexual and reproductive health. Sexual attitudes and behavior of Turkmen are changing. How should Turkmen think about sex and family planning? Is it ok to learn about sexual and reproductive health? Who should teach our children about sexual health? How does ‘turkmenchilik’ (Turkmenness) and ‘ahlak’ (morality) define our attitudes towards sexual and reproductive health issues?

Saglyk.info is a website and web community helping to facilitate the conversation and reveal the unspoken threads of what morality and Turkmenness entail so that a true public discussion can occur. The purpose of the website, the only one with credible public health information in the Turkmen language, is to address the low level of health literacy in Turkmenistan, empowering individuals at multiple levels: from becoming healthier and better informed

about their health and their rights to healthcare, to engaging constructively as a society on the issues that matter most for Turkmen. Saglyk.info produces quality materials in the Turkmen language, communicates health messages to the public in a consistent way and in culturally sensitive formats, organizes forums around public health issues, and invites the public to comment, blog, share, and address a large range of issues—general health, environmental health, sexual and reproductive health, psychology, and Turkmen traditions and their impact on health.

The last panelist, **Akja Kepderi**, discussed the impact of the Internet on Turkmen girls’ actions in cyberspace. In the last decade, the proliferation of the Internet prompted computer programmers and software developers alike to create Social Networking Sites (SNS) to allow people to connect with their friends and family (e.g. Facebook), bridge with potential employees (LinkedIn), and share ideas (Twitter). The immense popularity and high participation rates of SNS have attracted many scholars interested in researching the impact of the Internet on women’s and men’s lives, gender differences in SNS usage, and motives for using SNS. Although the majority of SNS are global in nature, encompassing users from different origins and religious backgrounds, research about users from the developing world, particularly from Muslim countries, is very limited. To date, research about the Internet’s impact on the lives of Turkmen Muslim women is scant. This presentation is based on a study of small sample-size surveys, in-depth interviews and photography analysis. It strives to reveal which factors influence online identity creation and visual representation of Turkmen girls in the cyberspace and if the Internet empowers Turkmen girls.

Interviews, surveys, and photography analysis revealed that in a few cases the synchronicity between subjective—feeling of traditional expectations on gender roles—and objective structures were disrupted both in cyberspace and the physical world. The proliferation of the Internet appeared to affect the embodied cultural dispositions of girls that resulted in deviant self-representation. In Turkmenistan, at present the social transformation (i.e. detraditionalization) is in place, but empowerment of girls is not feasible because they cannot critically reflect on norms, rules, and habits governing gender roles and gender performativity. Taking into account the results from interviews, surveys, and image analysis, it might be concluded that Turkmen girls pro tempore will continue to sexually objectify themselves.

Public and State Responses to ISIS Messaging: Turkmenistan

Noah Tucker and Rano Turaeva^{1, 2} (2016)

Overview: Turkmen in the Syrian Conflict

International estimates produced by ICSR list the overall number of participants from Turkmenistan in all factions of the Syrian conflict at up to 360. Little or no concrete information is available about exactly how many Turkmenistani serve in the ranks of ISIS, and these numbers have been questioned by many observers and the Turkmen government, which frequently denies the participation of any of its citizens in the Syrian conflict. The few instances in which press sources cite Turkmenistani participation in Syria and claim recruiting takes place inside Turkmenistan are almost universally Russian and affiliated with the state media.

Unlike their compatriots from other Central Asian states, militants from Turkmenistan do not appear to be self-organized around ethnic or linguistic lines as sub-brigades within larger militant organizations and have no publicly recognized independent militant Islamist formation like the Islamic Movement of Uzbekistan, the al-Buxoriy Brigade or the ethnic Kazakh brigade in ISIS. No messages have been observed that target the population of Turkmenistan, one of the world's most isolated and consolidated authoritarian regimes. The government of Turkmenistan led by President Gurbanguly Berdymukhamedov pursues a policy of absolute neutrality, which precludes it from participating in anti-terrorist coalitions, cooperating with military operations in Afghanistan or regional security organizations like the Collective Security Treaty Organization (CSTO). The government acknowledges the threat of militant incursion especially on its southern border with Afghanistan, but in contrast to

Uzbekistan, Tajikistan, and Kyrgyzstan, it downplays and mostly ignores discussion of any potential territorial incursion from ISIS, preferring to promote an image of stability and security in a state so thoroughly consolidated that all newspapers are owned by the presidential administration or token pro-presidential unions and parties.

In spite of these estimates in the low hundreds put forward by ICSR and several Russian self-styled think tanks, only a single individual, Ruashan Gazzakov (or Kazakov), has been identified as a citizen of Turkmenistan allegedly detained in Syria in 2013. A sudden flood of Russian print and TV coverage linked to a video of unknown origin that purports to be footage of Syrian security services interrogating several militants detained near the Turkish border. Versions of the video available on YouTube and subsequent media accounts claim Gazzakov was recruited in Ashgabat by a "Salafi imam" and traveled to Turkey to meet a facilitator network that eventually led him to Aleppo. Under the notorious Chechen commander Umar Shishani — still serving as a leader in Jaysh Muhajareen wal Ansar (JMWA) before joining ISIS later in 2013 — Gazzakov allegedly became the leader of group that trained and equipped suicide bombers and included, according to Russian press claims, some 35 other Turkmenistani who were never identified.

It is important to stress that it remains unclear whether international organizations tallying Turkmen participation in the Syrian conflict are correctly differentiating between ethnic Turkmen natives in Syria, Iraq, and Turkey — Turkmen inside Syria have organized militant groups that participate as part of the anti-Assad coalition, for example — and militants or their families who have emigrated from Turkmenistan. Evidence observed from jihadist media by the Digital Islam project over the past two years would not support claims for an estimate larger

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2 Rano Turaeva obtained her Ph.D. from Martin Luther University in Halle, Germany, with an institutional and financial support from Max Planck Institute for Social Anthropology. She published in peer-reviewed journals on topics such as post-Soviet regimes, *propiska* and migration, citizenship and identity, kinship and family relations, power relations among others.

than perhaps a few dozen Turkmenistani militants. No Turkmen language messaging targeting the public in Turkmenistan has been observed.

Russian Media and Information Operations Stress “Active Threat” inside Turkmenistan and on Its Borders

Russian media and identified or suspected state-funded information operations have consistently advanced the narrative that active recruiting operations are taking place inside Turkmenistan — as part of what is claimed to be an unchecked Salafist religious mobilization inside the country, at times claiming that Turkmenistani comprised the largest proportion of Central Asian militants fighting in Iraq and Syria.

Russian focus on the threat of Syrian terrorists or ISIS militants to the territory of Turkmenistan has come in two waves: First in 2013 when the video of the “Gazzakov interrogation” first appeared, and then again in the spring of 2015 when think tanks, analysts, local security services and Russian media began claiming that an ISIS invasion force had gathered on the Afghan-Turkmen border and was preparing to use Turkmenistan as a “corridor” for an imminent invasion of Central Asia that never materialized. As in neighboring states in the region, Russian media and related information operations frequently make claims that cannot be collaborated by other sources and that emphasize an imminent threat presented by ISIS that can only be preempted by Russian protection and that perpetuate the narrative that ISIS is a puppet controlled by the United States.

At the beginning of the first wave, the Gazzakov interrogation appeared in 2013 with a flurry of Russian “expert opinion” that frequently cited unnamed or “insider” sources and made claims that could not be verified with any other evidence. The video itself, reporting on which aired on several Russian state television networks, was sometimes attributed to the obscure Abkhazian Network News Agency (ANNA), a suspected Russian state information operation that frequently promotes pro-Syrian government perspectives used as evidence to support pro-Assad arguments in social media groups or on forums that focused on discussion of the Syrian war like Adamalla.com.

“Expert analysis” from Russian sources — including identified information operations targeting Central Asia like StanRadar — shared on social me-



A typical illustration from Russian media coverage of ISIS and Turkmenistan that shows a menacing terrorist looming over the region from just outside the country.

dia in response to the Gazzakov interrogation made a somewhat unique claim (in contrast to statements that usually support other authoritarian states in the region) that Turkmenistani authoritarianism was causing the country’s opposition to “radicalize.”

Coverage painted Gazzakov as a “canary in the coal mine” that warned of a sharp increase in “Salafism” in and around Ashgabat, with well-known commentator Arkadiy Dubnov suggesting that, according to unnamed sources, several suburbs of the Turkmen capital were now “run” by Salafi vigilante groups who enforced Islamic dress codes. Dubnov’s sources alleged these groups bullied local residents into “chopping down their satellite dishes” and that even an informal group of officers inside the



A typical meme from the Facebook group “SMERSH” (named for the KGB’s counter-espionage bureau) that spins elaborate conspiracy theories to claim the United States “uses” terrorist groups like ISIS against even isolated Turkmenistan. Interestingly, in this and other contexts these theories rarely offer an explanation for what the United States or other Western countries has to gain by “destabilizing the situation” in Central Asia – commenters in these groups take it for granted that the United States in particular has purely destructive motives and that this destruction will somehow result in financial benefits for the West.

Turkmen Ministry of Internal Affairs had become Islamized and were protecting the “Salafis,” using their law enforcement positions to push society into conformity with Sharia law. Russian media sources similarly speculated that “radicalization” of Turkmen society could be driven by a variety of foreign actors even in hyper-isolationist Turkmenistan: Dubnov cites Persian Gulf “shaykhs who receive personal permission from the president” to hunt endangered species, others claim the Turkish Sufi-inspired Gulen movement may be secretly recruiting for jihadism, or that Qatar may be using “US control” over ISIS to “destabilize the situation” in Turkmenistan in order to win a favorable pipeline contract.

When no evidence for claims of foreboding Islamization could be produced, Russian media abandoned discussion of Turkmenistan in relation to Syria until the spring of 2015, when a similar flood began of articles and “expert opinions” in Russia and across the region (except, significantly, in Turkmenistan) claimed that ISIS militants had identified Turkmenistan as a “corridor” for an invasion of Central Asia and were massing on the Afghan-Turkmen border. These claims were



Typical images from popular groups like VK’s “Youth of Turkmenistan” feature young women posing in front of national monuments rather than discussion of social or political problems.

frequently shared on social media by groups and actors who also promoted fiercely anti-American messaging and promoted pro-Russia militant separatist groups in Ukraine, frequently tying the alleged ISIS mobilization against Central Asia to the United States.

Turkmenistani State and Official Media Responses

Unlike all other states in the region — most of which, as discussed in previous reports, have largely attempted to balance Russian exaggeration of the ISIS threat to the region with the leverage against potential domestic opposition justified by those “imminent threat” narratives — the government of Turkmenistan and its state-supported media have flatly denied that ISIS could appeal to the subjects of the *Arkadag* (‘protector’) or threaten the territorial security of the state. Although Ashgabat acknowledges a potential threat from non-state militant groups across the border in Afghanistan and has — according to independent social media reports — increased military defense measures on the border in the past year, Turkmenistan’s status as a neutral state limits at least the public options for cross-border military cooperation.

Official and non-official outlets, including the Ministry of Foreign Affairs and the state-supported news site Gundogar, loudly protested Russian allegations that Turkmen citizens were participating in the Syrian conflict at all, citing the lack of any specific evidence. The Foreign Ministry issued an official statement in 2013 denouncing Russian media outlets, including Rossiya-24 and Channel One, for running the Gazzakov story “without any proof” that he was a Turkmenistani citizen or providing specific information about his alleged former residence in the country.

In another article shared widely in Turkmenistani groups on multiple social media platforms, an author at Gundogar who called himself a “lonely Salafi” satirized Dubnov’s claims that Salafist groups enjoy free reign in Turkmenistan, claiming to have visited each of the neighborhoods that Dubnov named and lamenting that he not only failed to find any “fellow-travelers” but was repeatedly referred to mental health facilities when he asked local residents where he could find people or areas that matched Dubnov’s descriptions.

Public Responses on Social Media

Public responses via social media in Turkmenistan and among Turkmenistani living in diaspora differ in some significant ways from responses in neighboring countries. The social media environment is considerably smaller and more cloistered, and in most cases social media users in Turkmenistani online networks are reacting to specifically Russian claims about the threat of ISIS that their own government flatly denies (and which do not appear to be strongly supported by other available evidence) rather than reacting to messaging from their compatriots or their actions in Syria. The little social media discussion that has been observed appears to focus on claims that the estimates of Turkmen listed by various international organizations as participants in the Syrian conflict are likely co-ethnics indigenous to Syria or Iraq and misattributed to Turkmenistan (a claim that has the additional appearance of plausibility given the stark lack of Turkmenistani messaging that stands in contrast to every other Central Asian state and perceived international ignorance about Turkmen in general). Other users concede that the large number of Turkmenistani living in Turkey as students or migrant workers might be vulnerable to recruitment there even if they reject the idea of Salafist or jihadist recruiting inside Turkmenistan as ridiculous.

As in Kazakhstan, Turkmenistani social media networks are primarily based in Russia or hosted by Russian servers, and Russian remains the primary language context referenced by even the few independent media sources that exist dedicated to covering Turkmenistan such as ChronoTM. As in the rest of the region (and in all developing countries) but to an even greater degree, internet and social media use is largely limited to relatively well-off youth in urban areas and to students and labor migrants abroad. Large Turkmen groups exist particularly on the Russia-based social networking site VKontakte, but these focus primarily on pop-culture and dating — two of the top five social networking resources accessed from Turkmenistan according to commercial analysis for example are dating networks. Discussion of issues like international terrorism or politics in general is markedly more limited than in the rest of the region, which likely indicates that those users able to access social media on a regular basis in Turkmenistan are elites who are relatively content with their lives, which makes social media a particularly limited representation of public



opinion in one of the world's most isolated societies. Additionally, many ordinary Turkmenistani use free direct mobile-to-mobile communication platforms like WhatsApp and Line (a mobile application that includes its own social networking function) to communicate with family and friends.

Independent social media and forum discussion of allegations that Turkmenistani participate in the Syrian conflict or the threat of ISIS appears to be relatively rare and often dismissive. Comments on versions of the video purporting to show the Gazzakov interrogation, for example, dismiss the idea that the people depicted are from Turkmenistan at all, content that they were “forced” to participate



Mocking responses like this from Odnoklassniki to claims that Islamic extremism is a building threat inside Turkmenistan highlight both the ridiculousness that users attribute to the claims by Russian commentators and the elite cosmopolitan status of those users who mock the claims using foreign idioms and cultural references.

in the conflict because of their relative weakness as economic migrants in Turkey, or were simply “brainwashed.”

Reactions to Russian media claims that Turkmenistani make up a significant part of the Syrian conflict are frequently mocking in their level of dismissal — a stance that is not difficult to support given the weakness of some of the claims. Similar to other regional contexts like Kazakhstan however, users seem to frequently deny that internal problems inside Turkmenistan may provoke some citizens or émigrés to seek radical solutions to radical political or economic disenfranchisement, which likely reflects both self-censorship and cloistering of social media use among relatively well-off youth. In spite of public dismissal of Russian claims, human rights advocates have noted that repression of religious groups appears to have increased in response to claims of potential “Salafist” support from religious groups inside the country.

Policy Takeaways: Can Social Media Democratize Authoritarian States?

The case of Turkmenistan illustrates how little connection there may be between discussions on social media — which in the Central Asian context often take place among migrants or émigrés and predominately among young people — and everyday life for citizens inside the country. This case study also draws out, in starker contrast than neighboring states because of the state’s extreme isolation and lower social media penetration, the extent to which a significant portion of the discussion of ISIS is informed by Russian-language media and constructed around opinions and “expert commentary” (often “experts” citing “experts”) and starkly divorced from fact-on-the-ground, both in the region and in Syria.

Social media has been often hailed as a disruptive technology that flattens the media environment

and creates opportunities for direct reporting and citizen journalism, particularly in an environment of harsh censorship and state or elite monopolization of the media. This, in many ways, is what makes social media so attractive to extremist groups like ISIS, not only allowing them to bypass censorship or prosecution and advance messages that contradict the interests of states, but even challenge the validity of the Westphalian state model and every post-WWII international legal convention. The flattening or disruptive effect of social media is therefore not always positive, and does not happen automatically or equally in all social contexts. It can be negated or even reversed when powerful actors (often states, such as Russia and Azerbaijan) use control of their resources to dominate social and online media in the same way they dominate traditional media. The flattening or democratizing effect of social media can be effectively countered when a powerful actor uses the medium to flood the information environment with distorted or deliberately falsified information to advance its own political ends.

The Russian and Turkmen counter-messaging campaigns that present contradictory information about Turkmenistani citizens fighting in ISIS illustrate a stark case in which sophisticated state-funded or state-backed messaging operations can dominate discussion of a topic and significantly color, if not control, public perceptions online. Neither the counter-messaging between the two sides, nor the vast majority of public activity on Turkmen social media can tell us much of anything meaningful about Turkmenistani drawn into the Syria conflict (assuming that there are some in perhaps very small numbers), what their motivations might be, or how they were recruited. These messaging efforts do show us, however, how states in the 21st century — even those as isolated as Turkmenistan — have come to see the Internet and social media as a tool for achieving their own goals, rather than a threat to those goals that earlier scholarship had hoped social media would evolve to become.

Educational Reforms in Turkmenistan: Good Framework, Bad Content?

Slavomír Horák¹ (2013)

Since the election of Turkmenistan's second President Gurbanguly Berdimuhamedov in February 2007, education has become nominally one of the priority sectors for the country's development. Several reforms in the education system have been adopted so as to overcome the legacy of the first President Niyazov/Türkmenbashi's regressive policies in this sector.

Any educational reform needs to be considered on a long-term basis in order to be drafted and implemented. However, after only six years it is possible to analyze general tendencies in Turkmenistan's education system. Discussed below are the positive and negative effects of the reform of the educational system on Turkmen schools and universities.

Elementary and Secondary Education

The elementary and secondary education system underwent substantial changes in the period 2007-12. In particular, compulsory school attendance was extended from nine to ten years in 2007 and, as from 2013, pupils will have to study for 12 years in order to complete their secondary education. The aim of this measure is to harmonize the Turkmen education system with international standards and, in theory, allow Turkmen students to apply for universities abroad. If this is implemented, Turkmenistan will be only the fifth post-Soviet country—after the three Baltic states and Georgia—to have “updated” the former Soviet 11-year elementary and secondary education system. The problem is that changes have been implemented hastily. The nine-year, and now 12-year, curricula were extended without textbook

support or methodological guidelines. As a result, all-state school programs in the highest classes often simply repeat or summarize the information from lower classes, while the directors and teachers have not been able to prepare more appropriate conditions for the first grades.²

The building of new schools seems to be the most visible result of the changes adopted in the Turkmen education sector. In 2012 it was announced that 114 new schools had been opened,³ not only in the cities, but also in more remote places.⁴ However, the building and renovation contracts seem to be extremely overpriced. The schools in Berdimuhamedov's family bases—Barabap and Yzgant—are particular examples.⁵ Many thousands of schools throughout the country could be renovated for the same amount of money. The majority of them is still self-run and relies for small repairs on donations from pupils' parents.

Modern schools are usually supplied with the latest technology such as computers, laptops, or interactive boards. The distribution of these materials is highly selective as well—many schools' supplies are incomplete and the majority of them do not receive any equipment at all.⁶ However, many teachers and directors fear the equipment will be damaged and, therefore, they either do not allow their use in the classrooms, or they carefully make them available only during inspections or official visits. In addition, members of staff are not adequately trained in IT, in general, and educational software and hardware, in particular. Furthermore, regions often lack an Internet connection and, even more importantly, suffer from electricity shortages, which render IT useless. Even in the cities, the Internet connection is slow, controlled by the government, and restricted to just a few websites. Thus, the idea of employing technology in schools has remained mostly on paper

1 Charles University, Prague.

2 “Shestiletnie pervoklassniki,” *Khronika Turkmenistana*, July 7, 2013, <http://www.chrono-tm.org/2013/07/shestiletnie-pervoklassniki/>.

3 “Vystuplenie Prezidenta Turkmenistana Gurbanguly Berdimukhamedova na zasedanii Soveta stareyshin Turkmenistana,” *Neytral'nyy Turkmenistan*, October 24, 2012.

4 *Neytral'nyy Turkmenistan*, September 1, 2011.

5 “Prezident Turkmenistana prinyal uchastie v tseremoniyakh otkrytiya novykh ob'ektov sela Yzgant,” *Turkmenistan zolotoy vek*, October 20, 2012.

6 This reality was confirmed by Peace Corps Volunteers working in Turkmenistan and other sources.

and is far from being implemented to improve the education system.

School textbooks, in general, remain a persistent problem of Turkmen education. However, some improvements have been observed since 2007, and every year new textbooks are being published covering, at least partially, the school programs. We can only assume that complete sets of textbooks for every subject will become available in future years. At the same time, teachers have frequently complained about content quality and the unequal distribution of textbooks.⁷ New textbooks are mostly written by inexperienced authors and teachers without proper qualifications.⁸ In addition, too little time (3-4 months) is allocated by the authorities for the writing of each of them. As a result, many teachers are not able to use the new textbooks in their classes and still use former Soviet ones from 1990-1992.

Teacher training is apparently one of the crucial obstacles for the development of the education system in Turkmenistan. Niyazov's "reforms" resulted in the dismissal and exit of many experienced teachers. The gap has been filled to some extent with newly-qualified graduates, although these were educated under the new university system, so the quality of their teaching tends to be low and insufficient.⁹ Education is often interrupted by seasonal events such as cotton harvesting. Although children in the elementary level are not obliged to go to the fields, teachers are not exempted from the practice. Moreover, pupils are forced to congregate in masses along the roads during the arrival to Ashgabat of a foreign delegation, and the visit of the president or highly-ranked officers to the regions. Others have to assist in the place where the event or ceremony is held. This Soviet tradition, which was maintained and further developed by Niyazov, has been also preserved by the new president, and it even seems that the scale of these ceremonies has expanded.¹⁰

The school program has been improved slightly by reintroducing physical education as well as social sciences to the curriculum. Unfortunately, the expected de-ideologization has failed. The study of the *Ruhnama* ("The Holy Book of the first President") has not been fully eliminated, as it still remained the topic of an obligatory exam for secondary schools and universities in 2012, as well as a topic in the process of approving foreign diplomas.¹¹ However, since 2011 the *Ruhnama* is no longer a topic in secondary schools' graduate exams.¹² The growing cult of the second president is also evident instead. Berdimuhamedov's books are already studied in several classes as part of the school's curriculum and his portrait has replaced that of his predecessor in the new textbooks.¹³

Although the president proclaimed foreign languages as one of the priorities, the real situation in this domain has further deteriorated in the last couple of years. Russian classes did not resume or increase in the schools, and only a few Russian classes remained available throughout the country (about 30 in 2011, which means that only 750-1,000 out of 100,000 first-graders were able to enter them). These are intended in particular for national minorities, although due to the persistently high demand from parents, local Turkmen pupils also attend them. In any case, it will be extremely problematic to resume the normal functioning of Russian schools in the future due to the lack of teachers and a decrease in the Russian-speaking population in general. There is also a lack of interest on both the Russian and Turkmenistan sides to invite education specialists and teachers from Russia.

The English language seemed to have increased in significance at the expense of Russian at the very beginning of the reforms. The provision of English language lessons increased as it became compulsory from the first to the eleventh grades (and the twelfth

7 Textbooks are also not immune from corruption and swindling in Turkmenistan. See Toily Ashyrmuradov, "Turkmenistan: uchebniki vmesto shkol popali v svobodnuyu prodazhu," *Fergananeews.com*, July 12, 2012, <http://www.fergananeews.com/articles/7423>.

8 Author's interview with Peace Corps Volunteers, February 2013.

9 "V shkolakh ne khvataet uchiteley matematiki," *Khronika Turkmenistana*, July 11, 2012, <http://www.chrono-tm.org/2012/07/ne-hvataet-uchiteley/>.

10 Il'ia Kirimdzhanov, "One Long Holiday in Turkmenistan," *IWPR.net*, September 21, 2012, <http://iwpr.net/report-news/one-long-holiday-turkmenistan>.

11 "Vstupitel'nye ekzameny: videokamery, tyubetyki i Rukhnama," *Khronika Turkmenistana*, August 5, 2012, <http://www.chrono-tm.org/2012/08/vstupitelnye-ekzameny-videokamery-tyubetyki-i-rukhnama/>; see also "Turkmen 'Holy Book' Still on Shelves," *IWPR.net*, September 11, 2012, <http://iwpr.net/report-news/turkmen-holy-book-still-shelves>.

12 "V Turkmenii Rukhnamu zamenili na informatiku," *Lenta.ru*, April 25, 2011.

13 Although the portrait of the head of state is a tradition in many countries (monarchies in particular), republics with changing governments and heads of states do not usually bear the portrait of the leader. Nepal could serve as recent example: when the kingdom was abolished, the portraits of the king were removed from school textbooks. Schools with an Austro-Hungarian tradition traditionally hung the portraits of their heads of state on the walls of the classrooms, though the tradition is being phased out.

one since 2013). However, the Peace Corps which offered English language classes and summer camps closed its office in Turkmenistan at the end of 2012 and exchange programs such as FLEX registered a decreasing number of applicants.¹⁴ There were even cases of threatening parents who intended to send their pupils to compete for places in the exchange programs.

National minorities are mostly deprived from elementary and secondary education programs in their national languages. Kazakh and Uzbek schools were closed down during the Niyazov era, and the new president has not even expressed any intention of reopening them. Therefore, the only foreign elementary and secondary schools are prestigious Turkmen-Turkish schools, the Turkmen-Russian School in Ashgabat, the International School of Ashgabat (with instruction in English and with Russian as “lingua franca,” although it is expensive and inaccessible for most Turkmen), and also a small Sunday school sponsored by the Embassy of Ukraine. Notwithstanding, Turkmen-Turkish schools started to be closed in 2011 for allegedly spreading Islamic doctrine in the curriculum.¹⁵ Although there were different views on the role of these schools, they filled a significant gap in providing quality elementary and secondary education, and most Turkmen winners at international competitions in the humanities came from them.¹⁶

Finally, corruption is considered to be one of the main obstacles to the improvement of elementary education. Due to the lack of vacancies in what are regarded as “prestigious” classes (i.e. mostly Russian ones), bribes became the norm.¹⁷ Moreover, teachers have to pay for being exempted from seasonal work in cotton fields, maintaining classes, or purchasing supplies (chalk, paper, marker-pens, and so on). These payments are afterwards demanded from pupils’ parents.¹⁸ Moreover, the practice of accepting small bribes consisting of home-made meals or domestic animals (i.e. goats) in exchange for better grades is still widespread, due to the inadequate pay teachers

receive. The latter are also often required to pay the school’s director to keep their position (and directors have to do the same to local or regional education authorities). Thus, the petty corruption caused by the low budget for education, as well as widespread and systematic pyramid-shaped corruption, with the Ministry of Education at the top, and teachers and parents at the bottom, substantially undermines educational processes and is one of the main challenges for any reform.

Higher Education

Universities have already undergone major reforms, which could be considered as a positive development for the future. The extension of university programs to a standard of five years (six years for the medical school) and the elimination of obligatory labor and military service for young men before entering university was one of the first and logical steps taken by the new president. Berdimuhamedov has even started to re-open several universities and invited foreign university delegations and scholars to Turkmenistan. The reopening, for example, of the Academy of Sciences, followed by the resumption of postgraduate studies, has been regarded as highly positive steps toward the normalization of the higher education system.

In 2009, a branch of the Gubkin Institute of Oil and Gas was opened, and several Russian universities now offer entry exam centers throughout the country; this in addition to the existing Turkmen-Turkish University. In the northern parts of the country, meanwhile, the Dashoguz Institute for Agriculture was reopened after several years of closure. In 2012-13, there were also initial negotiations over the opening of the Turkmen-American University in Ashgabat. If successfully concluded, the project has the potential to attract teachers and scholars from all over the world, in particular from European, Turkish, and/

14 Ashley Cleek, “Peace Corps Pulling out of Turkmenistan,” *Eurasianet.org*, September 3, 2012, <http://www.eurasianet.org/node/65853>; see also “Nenado FLEXov,” *Khronika Turkmenistana*, January 12, 2012, <http://www.chrono-tm.org/2012/01/ne-nado-flexov/>.

15 “V Turkmenistane zakryvayut turetskie shkoly,” *Khronika Turkmenistana*, August 14, 2011, <http://www.chrono-tm.org/2011/08/v-turkmenistane-zakryvayut-turetskie-sh/>.

16 Bayram Balci, “Fethullah Gülen’s Missionary Schools in Central Asia and Their Role in the Spreading of Turkism and Islam,” *Religion, State and Society* 31, no. 2 (2003): 151-77; see also Victoria Clemens, “Turkmenistan’s New Challenges: Can Stability Co-exist with Reform? A Study of Gülen Schools in Central Asia, 1997–2007,” in *Muslim World in Transition. Contribution of the Gülen Movement*, ed. Louis J. Cantori, Marcia K. Hermansen, and David B. Capes (London: Leeds Metropolitan University Press, 2007), 572-84.

17 “Khochesh’ v russkiy klass – plati ... kholodilnikom,” *Khronika Turkmenistana*, August 9, 2011.

18 Turkmenistan is by no means an exception amongst developing countries. The practice of earning additional income in the form of selling textbooks and small stationery is not unusual in other Asian states with similar budgetary problems.

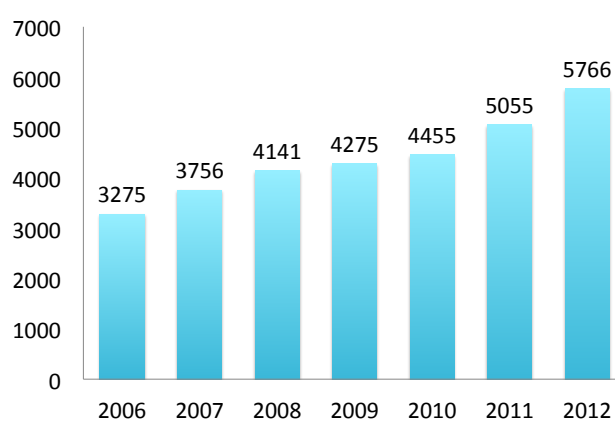
or Russian universities in the most needed specializations—law, engineering, education, IT, and so on. The establishment of private schools, announced for 2013-14, furthermore, could bring necessary competition if higher caliber teachers, both from within Turkmenistan and abroad, could be attracted and so give the country's younger generation a better quality education. As a consequence, the mass corruption of the universities could potentially be reduced as parents would rather pay official fees for education than unofficial bribes.

At the same time, although the university programs were extended in accordance with international standards, it became clear that the (often forced) dismissal of former researchers and/or teachers from the universities in the past decade has created a hardly recoverable gap in qualified staff. The new cadres turned out to be seriously undereducated with a strong ideological footprint stemming from the previous period. In this situation, probably, the temporary attraction of foreign researchers and teachers to Turkmen universities as well as opening new universities (including private ones) could improve the situation.

The number of students according to the official sources started to grow steadily as shown in the graph below. Those supported by the Turkmen state to study abroad, predominantly in Russia, Turkey, Ukraine, Malaysia, and other countries, is also booming. In 2011 the official statistics registered about 2,000 students leaving to study abroad with state support.¹⁹ Others were able to study making their own private arrangements. President Berdimuhamedov also resumed the recognition of foreign diplomas in 2011, the validity of which had been made void in 2004. However, students still need to go through an approval process, including having to do the problematic test on knowledge of the *Ruhnama*. Russian university graduates are, theoretically, waived from this rule following the intergovernmental agreement from 2009.²⁰

But here also, the reverse side of the coin is problematic. In 2009, the refusal to allow students going

Graph 1. New University Students in Turkmenistan 2006-2012



Source: Author's own graph

abroad to study at the American University of Central Asia in Bishkek and other universities has initiated measures being taken against those who have studied in "politically incorrect schools." Kyrgyzstan, in general, became a blacklisted country for Turkmen students as the Turkmenistan government started to require additional exit visas for this country in 2011.²¹ While the official clarification was understandable from the regime's point of view (new universities and specializations in Turkmenistan itself as well as a low demand for several specializations in the country), the students were also rightfully annoyed and foreign embassies negatively evaluated such steps. However, the situation remained unresolved and many students remained "banned" from leaving the country.

Foreign universities often showed up the real level of Turkmenistan's secondary school education. Successful candidates to such universities usually have to attend preparatory classes at the universities, or at secondary schools, and/or pass the exam requirements through much self-study and the help of tutors.²² However, in many cases, despite the low initial quality of students from Turkmenistan, their motivation enabled them to achieve the best results and they became excellent students with the potential for receiving prestigious foreign grants, such as Fulbright or Rumsfeld fellowships.

19 "More than 2,000 students go abroad for study," *Turkmenistan.ru*, August 29, 2011, <http://www.turkmenistan.ru/en/articles/15305.html>.

20 "Soglashenie mezhdru Pravitel'stvom Rossiyskoy Federatsii i Pravitel'stvom Turkmenistana o vzaimnom priznanii dokumentov gosudarstvennogo obraztsa ob obrazovanii," *Byulleten' mezhdunarodnykh dogovorov* 8 (2009): 62, http://www.mid.ru/BDOMP/spd_md.nsf/0/0DF875504690887944257B18004254B4.

21 "Turkmenistan: molodezh' ne speshit vozvrashchat'sya na rodinu," *IWPR.net*, January 13, 2012, <http://iwpr.net/report-news/foreign-study-provides-escape-turkmen-students>.

22 "Turkmen Students Abroad: Goals, Challenges and Prospects for the Future," Turkmen Advisory Council Report, December 2012, 15-16, http://arzuw.org/s/TAC-Report_2012_Final.pdf.

However, these students are only a small part of all Turkmenistan alumni. Furthermore, their usefulness for Turkmenistan is doubtful as the majority of them do not appear to return to their home country, although a recent survey to some extent showed a more optimistic picture.²³

Meanwhile, the situation of universities in Turkmenistan has worsened. After several incidents involving students and critical remarks made by the president in the period 2009-12, the university regime has tightened as rectors feared being sacked. Now, students are officially not allowed to drive a car or come by taxi to the university.²⁴ They were also effectively barred from discos, bars, and restaurants after several incidents involving students mostly from privileged families.²⁵ Students are, however, forced to attend sporting events, holiday celebrations, conferences, and other events. Indeed, this further expanded after the appointment of Gulshat Mammedowa as the new Minister of Education in 2009. And while the death of several students in November 2012 during preparations for the Constitution Day temporarily undermined such mass participatory events,²⁶ students have again been forced to attend sporting and other events with shouts praising *Arkadag* (the title of the new president, meaning Protector).²⁷

Here, too, corruption is one of the principal problems in higher education. Although Berdimuhamedov ordered video observation during the entry exams in 2012, it did not decrease the “fees” for rectors and teachers from students trying to enter the universities. On the contrary, according to unofficial sources, the amounts paid for successfully passing the exams increased last year to US\$40,000 and even \$70,000 at prestigious schools such as the Medical University or Faculty of Law of Turkmenistan State University.²⁸ Apart from these expenses, students are also faced with official and unofficial fees for obligatory medical

reports and also for notarial and translating services if they wish to enter a foreign university.²⁹

Conclusions

Turkmenistan’s education system has gone through considerable changes and shifts in the last few years, with ambiguous results. The extension of elementary as well as university education so as to meet international standards, and increasing the number of students at universities both inside the country and abroad has meant that Turkmenistan has moved away from the first president’s legacy. The statistics show that the number of university students could amount to about 24,000, with another 10-15,000 studying abroad. The figure almost reaches that of the late Soviet period at the end of 1980s, when more than 40,000 students studied at Turkmen SSR universities.³⁰ Moreover, the principal eccentricities of the former regime—non-acceptance of foreign diplomas or forced labor before university—have been eliminated. The revival of the Academy of Sciences and establishment of several new institutes such as the Strategic Studies Institute could help to re-establish scientific work in the country and provide a basis for political decision-making processes. In this regard, then, there has been a “normalization” period of legal and institutional framework building in recent years.

However, the heritage of the Türkmenbashi era still weighs heavily, and its negative tendencies could again destroy the small successes achieved unless the Ministry of Education and the president implement real and not only illusory reforms. Some of the main challenges are outlined below:

Corruption. A generally high level of corruption permeates the education sector, thus increasing the cost of education. Further, a promotion of the per-

23 Ibid., 17. The small quantity of respondents (about 100 in total) makes the result of an otherwise excellent survey problematic as different respondents could alter the result. Anyway, no other survey was conducted in this issue.

24 “Klyatva studenta,” *Khronika Turkmenistana*, February 17, 2013, <http://www.chrono-tm.org/2013/02/klyatva-studenta/>.

25 In April 2012, the former Minister of Education and rector of Polytechnic University Hydyr Saparyew and Minister of Energy and Industry Yarmuhammet Orazgulyyew were dismissed due to the illegal and “hooligan” activities of their children in Ashgabat. “Ministr energetiki Turkmenistana Orazgulyyew uvolen za plokho vospitanie syna,” *Centrasia.ru*, April 16, 2012, <http://www.centrasia.ru/newsA.php?st=1334596980>.

26 “Studentov pozhaleli,” *Khronika Turkmenistana*, February 4, 2013, <http://www.chrono-tm.org/2013/02/studentov-pozhaleli/>.

27 “Turkmenistan: eshche odna vseobshchaya obyazalovka,” *Regnum*, February 15, 2013, www.regnum.ru/news/fd-abroad/1625624.html. Interview in Ashgabat, April 2013, and firsthand presence of the author at one of these events in Ashgabat.

28 Bekurdy Amansaryev, “Turkmenistan: prognivshaya sistema obrazovaniya,” *Centrasia.ru*, September 24, 2012, <http://www.centrasia.ru/newsA.php?st=1348470120>.

29 “Uroven’ turkmenskikh VUZov i summy vzyatok,” *Ruslan T. Blog*, November 26, 2012, http://chrono-tm.blogspot.com/2012/11/blog-post_26.html.

30 *Sovetskaya entsiklopediya* (Moscow: “Sovetskaya entsiklopediya,” 1990), 172.

sonality cult of the president means that often less skillful but loyal staff is put into responsible positions at the expense of more independent-minded people.

Lack of human capital. Teachers with a poor education based on ideological postulates are not able to fill the void left by the removal of previous cadres. The constant fear amongst the teaching staff, or the directors, of being sacked in case of failure to carry out instructions from “above,” or with little prospect of improving their own level of education, works against the improvement of elementary education. Moreover, the system of passing on knowledge from more experienced colleagues (as was usual in Soviet times) has been abandoned or works only selectively. The introducing of new programs is obstructed by the rigid or (on the contrary) non-existent programs and textbooks.

Hardware more than software. Although Berdimuhamedov likes to talk about the successes in education, he favors more “showcase” and superficial reforms rather than any genuine attempts to make things better.

An increasing mistrust of foreign influence (in particular Western), a persistent high level of nepotism, and further bureaucratic and administrative barriers for students going abroad to “incorrect universities” are impediments to real reforms.

In spite of the above, it would be a mistake to fully dismiss in their entirety all recent reform attempts. Indeed, clearly visible efforts, in the face of significant obstacles, have been made to tentatively improve the situation of the education sector in the country.

Economic Smart Power: Utilizing the Untapped Asset of Turkmen Youth

Dursunjemal Halimova¹ (2016)

The recent decline in world's commodity prices and the ensuing economic crisis in resource-exporting countries has renewed the interest of academics and policy makers in the importance of economic reforms. As the natural resource literature points out, resources can be both a blessing and a curse. The 'resource curse,' a term coined by Richard Auty, refers to countries with an abundance of natural resources that tend to have low levels of development outcomes compared to those that lack these resources. Turkmenistan is one such resource-dependent country, which for the past 25 years of its independence failed to diversify its economy and thus has been experiencing economic recession. The resource curse is not only about economic growth, however; it is also about human development. While Turkmenistan is running out of its nonrenewable resources and spending its generated revenues in unsustainable ways, the country's human capital is also deteriorating.

Resource-rich countries decide to develop their extractive sector because, unlike manufacturing, for example, it requires little initial investment and human capital. As a result, natural capital becomes their most important source of income.² These countries

underestimate the importance of human capital and thus allocate insufficient funding and attention to the education sector.³ In fact, research shows that countries with natural endowments spend less on education than those without them.⁴ This is also partly because talented people in these countries give up building their skills and implementing business ideas and instead become rent seekers to acquire faster wealth.⁵ However, in the absence of human capital, resource-dependent countries will fail to innovate, diversify their economies, and achieve sustainable growth. Resource-poor countries like Japan, China, and Malaysia are perfect examples of innovation-led economies. These countries decided to develop their human capital to ensure their competitiveness in the international market. By developing skill-intensive sectors such as manufacturing and services, they have continued to enjoy high profits and return to skills. This has also encouraged the general public to invest in education to meet the needs of local employers.⁶

Turkmenistan needs to invest in human capital to boost innovation, diversify its economy, and develop without relying on natural resources. To resist the negative consequences of resource dependence, Turkmenistan adopted the National Program for Socio-Economic Development for 2011-2030.⁷ It aims to raise the population's standards of living to the level of developed countries and to promote economic diversification by increasing the share of the

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2 Davood Behbudi, Siab Mamipour, and Azhdar Karami, "Natural Resource Abundance, Human Capital and Economic Growth in the Petroleum Exporting Countries," *Journal of Economic Development* 35, no. 3 (2010): 81-102.

3 Thorvaldur Gylfason, "Natural Resources, Education, and Economic Development," *European Economic Review* 45, no. 4 (2001): 847-59.

4 N. Birdsall, T. Pinckney, and R. Sabot, "Natural Resources, Human Capital, and Growth," in *Resource Abundance and Economic Growth*, ed. R. M. Auty (Oxford: Oxford University Press, 2001).

5 Salim M. Araji and Hamid Mohtadi, "Natural Resources and Human Capital: The Dilemma of the Riches and Disincentives" (paper presented at the 10th Midwest International Development Conference, University of Wisconsin, April 5-6, 2013, http://www.aae.wisc.edu/mwiedc/papers/2013/Araji_Salim.pdf).

6 Thorvaldur Gylfason, "Natural Resources and Economic Growth: From Dependence to Diversification" (paper prepared for a workshop "Sustainable Economic Liberalization and Integration Policy: Options for Eastern Europe and Russia, Brussels, Germany" at the European Institute for International Economic Relations, Brussels, April 24-26, 2004, <https://www.ethz.ch/content/dam/ethz/special-interest/mtec/cer-eth/resource-econ-dam/documents/research/ws-and-conf/sgvs-2005/029.pdf>).

7 "Information submitted by the Government of Turkmenistan concerning General Assembly resolution 65/182 of December 2010 on follow-up to the Second World Assembly on Ageing," United Nations Human Rights Council, <http://www.ohchr.org/Documents/Issues/OlderPersons/TurkmenistanOfficialTranslation.pdf>.

private sector up to 70 percent of GDP by 2030. Yet, the government has not identified a clear path to this goal. According to the World Bank, Turkmenistan's economy still remains dominated by hydrocarbons, which in 2014 accounted for 94 percent of the country's exports. While industry's share rose from 39 percent of GDP in 2003 to almost 50 percent in 2013, it still employs only 14 percent of the labor force. In contrast, the share of the agricultural sector declined from 20 percent to 9 percent of GDP, with 46 percent of workers still employed there.⁸ The extractive sector is capital-intensive but it does not generate much employment. This is primarily due to weak linkages between the resource sector and the rest of the economy such as services, supply chain, and subcontracting⁹

Similarly, Turkmenistan's traditional economic growth policy, which is resource extraction, is no longer a viable option. Currently, the country faces a double challenge due to declines in both gas prices and sales volumes. For instance, Turkmenistan lost its traditional customer, Russia, which decreased its import of Turkmen gas from 40 billion cubic meters (bcm) in 2009 to none by January 2016.¹⁰ At the same time, the barter exchange with Iran and debt repayment to China limit the country's ability to raise hard currency from its sales of natural gas to these countries. Similarly, resource dependency makes it vulnerable to price shocks. For example, due to the recent decline in world oil and gas prices, the local currency depreciated by 18.6 percent in January 2015.¹¹ Finally, natural resources are finite and therefore those revenues are finite. One day it may happen that 80 percent of Turkmenistan's fiscal revenues, which come from resource extraction, might be simply gone.

Human capital should become a key component of economic growth policy, as it is the most

valuable resource in any given country. While both financial and natural resources are passive factors of production, humans are the ones who can turn these resources into economic benefits.¹² For example, a study conducted by the World Bank found that education was the most crucial factor in ending poverty while higher education increased household income by more than 200 percent.¹³ Human capital has the greatest impact on income compared to physical and natural capital.¹⁴ India is a perfect example, where owing to knowledge-based industries such as computer software, call centers, pharmaceuticals, chemicals, and biotechnology, it was able to double its economic growth. From 1990 to 2006, India's foreign exchange reserves surged from \$300 million to over \$140 billion.¹⁵ Therefore, to offset the declining nonrenewable resources and to maintain and improve the standards of living of its population, Turkmenistan should reinvest its resource revenues into human capital.

Policy Problem

The natural resource sector not only limited economic diversification in Turkmenistan; it also expanded at the expense of human development. As the resource literature suggested, natural capital crowded out human capital by reducing the public spending on education.¹⁶ Low human capital in social sectors and the lack of a strategy for developing modern human resources are the major implementation bottlenecks for UNICEF in Turkmenistan.¹⁷ Similarly, youth in Turkmenistan are described by survey respondents as wanting to study and work abroad, disinterested and disengaged in social issues, uneducated and

8 "EBRD, IFC and MIGA Joint Country Engagement Note for Turkmenistan for the Period FY16FY17," World Bank, http://www.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/10/12/090224b_08313a6a9/1_0/Rendered/PDF/Turkmenistan000the0period0FY2016017.pdf.

9 "Economic Diversification and Nonextractive Growth," World Bank, http://ieg.worldbank.org/Data/reports/chapters/ccpe-synthesis_ch4.pdf.

10 Catherine Putz, "Russia's Gazprom Stops Buying Gas from Turkmenistan," *The Diplomat*, January 6, 2016, <http://thediplomat.com/2016/01/russia-gazprom-stops-buying-gas-from-turkmenistan/>.

11 "Central Asian Currencies Likely to Fall Further," *The Economist Intelligence Unit*, August 21, 2015, <http://country.eiu.com/article.aspx?articleid=303448014&Country=Uzbekistan&topic=Economy&subtopic=Forecast&subsubtopic=Exchange+rates>.

12 Frederick Harris Harbison, *Human Resources as the Wealth of Nations* (Oxford: Oxford University Press, 1973).

13 Ian Goldin, Halsey Rogers, and Nicholas Stern, "The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience," *A Research Paper from the Development Economics Vice Presidency of the World Bank*, World Bank, <http://siteresources.worldbank.org/DEC/Resources/roleofdevelopment.pdf>.

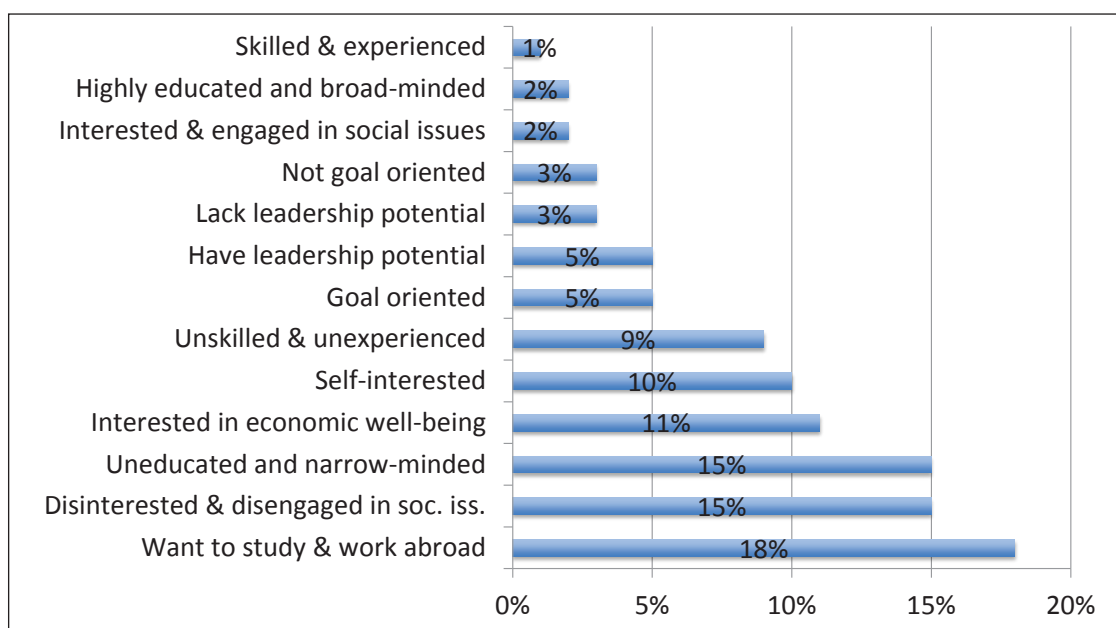
14 Louis-Marie Philippot, "Are Natural Resources a Curse for Human Capital Accumulation?," Centre d'Etudes et de Recherches sur le Développement International, May 2010, <http://cerdi.org/uploads/sfCmsContent/html/333/Philippot.pdf>.

15 Hrishikesh D. Vinod and Surendra K. Kaushek, "Human Capital and Economic Growth: Evidence from Developing Countries," *The American Economist* 51, no. 1 (March 2007).

16 Philippot, "Are Natural Resources a Curse for Human Capital Accumulation?."

17 "UNICEF in Turkmenistan," <http://www.unicef.org/turkmenistan/overview.html>.

Figure 1. Characteristics of Young People Aged 15-25 in Turkmenistan



Source: Author's survey

narrow-minded, interested in economic well-being, self-interested, and unskilled and inexperienced in their respective fields (Figure 1). These negative views of youth hint at the problem of poor human capital in Turkmenistan, which is partly due to the policies of former president Sapurmarat Niyazov. Changes included closure of the Academy of Sciences for almost a decade, dismissal of 12,000 teachers, decreasing the university quota by 75 percent, reducing the length of secondary education to 9 years and universities to 2 years, and rejecting foreign degrees.¹⁸ These policies damaged not only human development but also the long-term socioeconomic development of the country. Suddenly, those with foreign diplomas lost their job prospects at home, while only a few managed to enter local universities and fresh graduates lacked adequate expertise.

Moreover, Turkmenistan did not make enough investment in human development. To illustrate, on the Human Development Index, which measures key human development dimensions—health, education attainment, and standard of living—Turkmenistan scored 0.688 points out of 1. At first glance, Turkmenistan seems to do relatively well on

the index compared to other developing countries. However, the index is artificially raised by high GDP growth due to high gas prices in the past and by a high literacy rate driven by the Soviet legacy of mandatory secondary education. The disaggregated index shows a disturbing picture. For instance, the expected years of schooling in Turkmenistan are just 10.8 years while in Kazakhstan this number is 15.¹⁹ Since secondary education in Turkmenistan is 12 years, this means the majority of Turkmen youth never continue to higher education while some do not even complete their secondary schooling. When comparing attendance at primary and secondary schools, it falls from 97 to 85 percent.²⁰ Even though this is the highest rate in the region, incomplete secondary education also impacts young people's higher education attainment. To demonstrate, only 8 percent of the tertiary-school-aged population actually continues to university and vocational training.²¹ This is by far the lowest number among Central Asian countries.

Although this figure might not take into account those who are studying abroad, it still hints at the inability of the Turkmen education system to meet the needs of its youthful population. Of 100,000 yearly

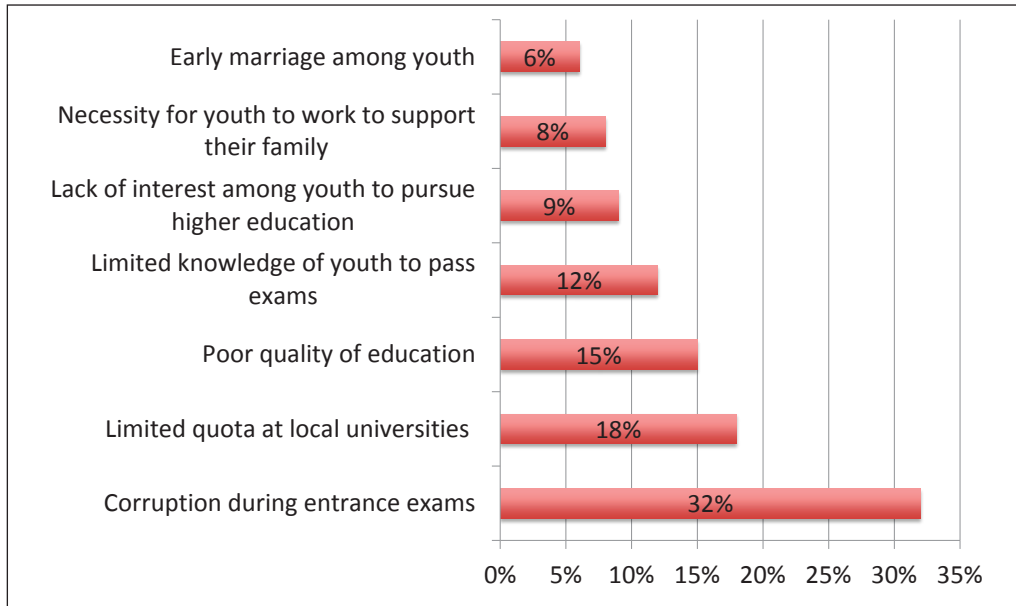
18 Annette Bohr, "Turkmenistan: Power, Politics and Petro-Authoritarianism," Chatham House, March 2016, <https://www.chathamhouse.org/publication/turkmenistan-power-politics-and-petro-authoritarianism>.

19 "Human Development Reports: Turkmenistan," United Nations Development Program, <http://hdr.undp.org/en/countries/profiles/TKM>.

20 "Education in Turkmenistan," UNICEF, <http://www.unicef.org/ceecis/Turkmenistan.pdf>.

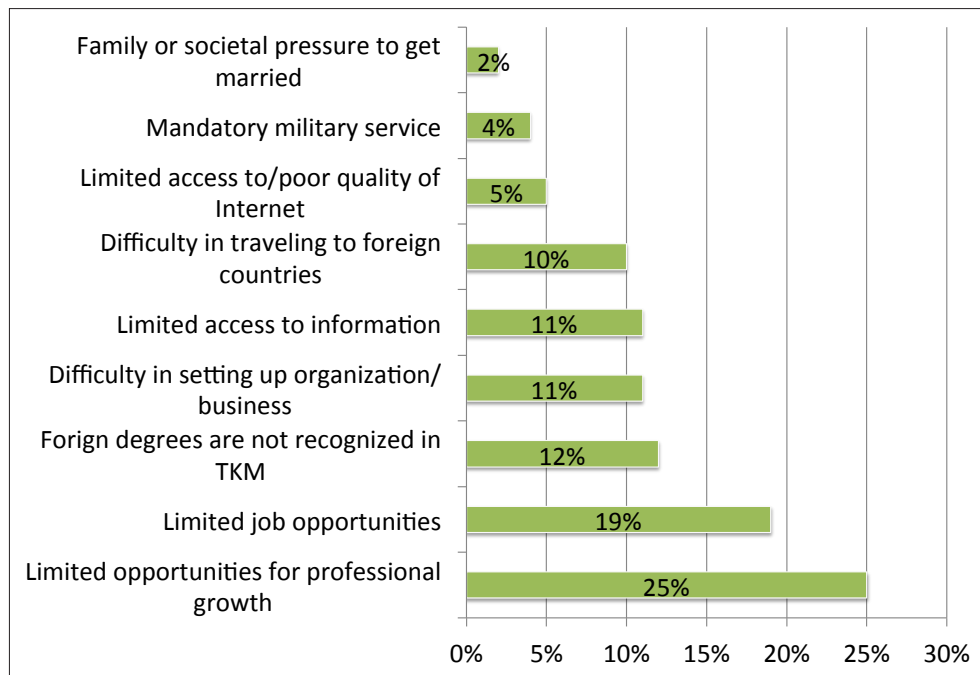
21 "Human Development Reports: Turkmenistan."

Figure 2. Top Factors Limiting Young People’s Ability to Pursue Higher Education in Turkmenistan



Source: Author’s survey

Figure 3. What Are the Top Factors in Turkmenistan That Made You Choose to Stay Abroad?



Source: Author’s survey

school graduates in Turkmenistan, only 7,128 (7 percent) enroll at local universities while 42,000 (42 percent) attend foreign universities. The Turkmen government funds only 2,000 students while the rest finance their foreign education on their own.²² So,

for every one student at a Turkmen university there are roughly six students attending university abroad. However, even after adding these two numbers together, there are still half of high school graduates who are unable to pursue higher education. According to

22 Bradley Jardine, “In Turkmenistan, Border Woes Trump Education,” *The Diplomat*, July 23, 2015, <http://thediplomat.com/2015/07/in-turkmenistan-border-woes-trump-education/>.

surveyed youth, the two major reasons for this include corruption during university entrance exams and limited quotas at local universities (Figure 2).

Similarly, public expenditure on education in Turkmenistan is just 3 percent of GDP while in countries with high to very high human development the spending is 4.5 percent and 5.3 percent of GDP, respectively.²³ Meanwhile, the Turkmen government overspends on physical capital such as infrastructure and modern technology. For instance, in 2010 and 2011 it spent about \$23.6 billion on constructing new buildings. When comparing this number to the GDP of the respective years, it turns out that the country spent roughly 23 percent of its GDP each year on construction. The country is spending 7.6 times more on buildings than on education. A lot of resources are now being channeled to organizing the 2017 Asian Indoor and Martial Art Games in Turkmenistan. For example, the cost of a single Olympic Village in Ashgabat is estimated at \$5 billion, 3.5 times more than the annual spending on education. This investment will bring very limited future benefits because, as it usually happens with Olympic buildings, they get abandoned immediately after the games. Instead of constructing costly buildings with minimal economic benefit or practical use, Turkmenistan would be better off accumulating human capital, which has high future returns.

Furthermore, Turkmenistan is not fully utilizing its youthful workforce in productive ways. Youth unemployment is 20 percent, which is twice as much as for other labor categories.²⁴ On the one hand, many young people do not qualify for the existing jobs. As one foreign government official shared, out of a hundred applications they receive for one job vacancy, only a few have the necessary qualifications. In most cases, these include graduates of foreign universities. The local education system is failing to train qualified personnel to meet the needs of the local labor market. On the other hand, graduates of foreign universities are often overqualified for local positions and they feel underutilized. Since young people are more mobile compared to the adult population, they de-

cide to take their skills and expertise elsewhere. In the survey, wanting to study and work abroad was the most cited characteristic of youth in Turkmenistan. As Figure 3 illustrates, top reasons for youth to stay abroad include limited opportunities for professional growth, limited jobs, nonrecognition of foreign degrees, or difficulty in setting up one's own organization or business. While some unemployed youth might simply decide to migrate, others look for alternative forms of expression, some of which might involve risky behavior. Dissatisfied youth become an easy target for peer pressure, criminal gangs, or even extremist groups. This can bring a halt to a country's progress and lead to political, social, and economic instability. So, given the urgency of this policy challenge, *how could Turkmenistan enable its youth to thrive and contribute positively to the country's long-term socioeconomic development?*

Changing Global Approach to Youth Development

After early childhood development, adolescence is the second critical development period in the lifecycle of an individual. It emerged as a distinct development stage toward the end of twentieth century.²⁵ During this period, young people experience significant biological, neurological, psychological, social, emotional, and cognitive development and become vulnerable to internal and external risks. Adults have come to recognize the importance of providing special support to youth to help them transition into adulthood successfully.

In the early 1950s, the approach to youth development was based on a reactive-deficit model that aimed at solving youth problems. It focused on issues such as juvenile crime and school absenteeism while favoring punishment over prevention.²⁶ In 1955 the Kauai Longitudinal Study was conducted in Hawaii, where the research team monitored the development of 700 children from prenatal stages to age 40.²⁷ Of this group, some 30 percent was classified as "at-risk"

23 "Human Development Reports: Expenditure on Education," United Nations Development Program, <http://hdr.undp.org/en/content/expenditure-education-public-gdp>.

24 "Unemployment in Turkmenistan," World Bank, <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=TM&view=chart>.

25 Nishad Khanna et al., "Youth That Thrive: A Review of Critical Factors and Effective Programs for 12-25 Year Olds," Social Program Evaluation Group, Queen's University, [http://educ.queensu.ca/sites/webpublish.queensu.ca/educwww/files/files/Youth-that-Thrive-Report\(1\).pdf](http://educ.queensu.ca/sites/webpublish.queensu.ca/educwww/files/files/Youth-that-Thrive-Report(1).pdf).

26 Ibid.

27 Emmy E. Werner and Ruth S. Smith, *Vulnerable but Invincible: A Longitudinal Study of Resilient Children and Youth* (New York, NY: McGraw Hill, 1982).

due to poverty, trauma, and parents with mental disorders or substance abuse. Two-thirds of this troubled group developed serious deficits while one-third of them developed into competent adults.²⁸ For the first time, researchers decided not to focus on the causes of failure but rather to examine the factors that helped some children succeed despite high risks and pressures.

Gradually, the youth services community began to realize that any adolescent can experience a challenge and might potentially be at risk. It was necessary to support all youth during their developmental process. Hence, the idea of Positive Youth Development (PYD) came about.²⁹ While it focuses on developing resiliency to risks, it emphasizes universalism (all youth), building on youth assets, and seeing youth as an opportunity rather than a problem to be fixed. Unlike the previous practice of focusing on a single problem, PYD is cross-sectoral. Since youth develop in various areas, it requires engagement and collaboration of multiple sectors. For instance, programs promoting youth employment should also consider their physical and mental health or education attainment, because these aspects of youth development will also influence their employability and workplace success. PYD considers youth able to take ownership of their own development path instead of being passive receivers of programs.

The key components of PYD are forming positive relationships with caring adults, building skills, exercising leadership, and contributing to their communities.³⁰ Ensuring successful transition of youth to adulthood requires more than preventing a juvenile crime, substance abuse, or teenage pregnancy. In the words of Karen Pittman, "Preventing high-risk behaviors, however, is not the same as preparation for the future. Indeed, an adolescent who attends school, obeys laws, and avoids drugs, is not necessarily equipped to meet the difficult demands of adulthood. Problem-free does not mean fully prepared."³¹ Instead of thinking that absence of problems would

help youth to develop, one should look at youth development as the best way to prevent problems. Hence, supporting youth's cognitive, social, emotional, and behavioral development can prevent occurrence of risky behavior in the first place.

State of Youth Development in Turkmenistan: National Initiatives

In recent years, under the leadership of President Gurbanguly Berdimuhamedov, the government has implemented reforms in the education sector. For example, under the Law on Education of May 2013, Turkmenistan guarantees universal and free access to school education. Turkmenistan has reinforced high and stable school enrollment, retention, and completion, accompanied by high national literacy, which is 99.6 percent. Similarly, the secondary education system was extended from nine years to 12 years to meet international standards. This allowed many Turkmen youth to pursue their higher education abroad. The university education was also extended to five years, allowing students to learn their respective fields in greater depth. Furthermore, government formalized and simplified the process of foreign diploma recognition, which allowed many foreign university graduates to apply for domestic jobs. In the long run, this can help boost innovation and entrepreneurship.

Moreover, in 2013 the government revised the Law on State Youth Policy to ensure the constitutional rights and freedoms of youth and to create civic and socioeconomic opportunities for them.³² In March 2015 Turkmenistan adopted the State Program on Youth Policy for 2015-2020 in cooperation with the United Nations Population Fund (UNFPA). Within this program, the two have agreed to boost investment in sexual and reproductive health education and take advantage of the demographic dividend.³³ Turkmenistan contributed \$1 million toward this initiative.³⁴ However, the

28 Emmy E. Werner, "Vulnerable but Invincible: High Risk Children from Birth to Adulthood," *Acta Paediatrica* 56 (S422): 103-5.

29 Khanna et al., "Youth That Thrive."

30 "Best Practices: Positive Youth Development," Midwest Equity Assistance Center, <http://www.meac.org/emotionalsecure/positive%20youth%20development.pdf>.

31 Karen Pittman and Wanda P. Fleming, "A New Vision: Promoting Youth Development," Testimony, House Select Committee on Children, Youth and Families, Washington, D.C., September 1991.

32 "Turkmenistan's National Youth Policy," YouthPolicy.org, <http://www.youthpolicy.org/factsheets/country/turkmenistan/>.

33 "UNFPA Executive Director Visits Turkmenistan," UNFPA, August 27, 2015, <http://eeca.unfpa.org/news/unfpa-executive-director-visits-turkmenistan>.

34 "Turkmenistan Contributes \$1 Million to UNFPA Country Programme," UNFPA, December 22, 2015, <http://eeca.unfpa.org/news/turkmenistan-contributes-1-million-unfpa-country-programme>.

youth policy lacks clear action steps, measurable goals, and specific timeline.

In addition, the president emphasized the importance of the Magtymguly Youth Organization (MYO) in contributing to the country's development. He also encouraged the organization to cooperate with public institutions and government agencies dealing with education, science, and culture.³⁵ Established in November 1991, MYO is the only nationwide youth group in Turkmenistan. It has over 900,000 members, coming from all five regions.³⁶ The organization actively participates in various events such as the International Youth Forum of the Millennium Development Goals.³⁷ Nevertheless, it is unclear how exactly MYO will contribute and what specific role it will play in implementing the country's socio-economic development plan.

State of Youth Development in Turkmenistan: International Initiatives

European Union

The European Union (EU) is actively involved in human development in Turkmenistan through education sector reform. Since 1997 its TEMPUS program has promoted the modernization of higher education by promoting cooperation between Turkmen and European universities. This collaboration has resulted in the establishment of a simultaneous interpretation laboratory, the Translation Center, a library on new methodologies, and translation with audio and visual aids.³⁸ The TEMPUS program also promotes university-enterprise cooperation. To illustrate, the new Euro-Turkmen Center for inter-branch Professional Qualifications in the Oil and Gas sector established in 2005 provides additional training to Turkmen Oil and Gas industry staff. It covers areas such as transport, logistics, economy, management, specialized language training, and information technologies.³⁹

Moreover, the ERASMUS+ program for 2014-2020 supports the modernization and development of the education sector, skills training, youth employment, and sports. Some of the initiatives here include professional exchange programs, the Erasmus Mundus Joint Master Degree, Erasmus+ Master Degree loans, a knowledge alliance between universities and firms, transnational strategic partnerships between educational institutions, joint vocational program development, and analytical work on the education sector.⁴⁰

Another EU initiative includes UNIWORK, which is a three-year project that runs from December 2013 to November 2016. It aims to build the capacity of career centers at higher education institutions, to promote employability and entrepreneurship among students, and to strengthen university-enterprise relationships where firms are closely involved in career centers. The program was designed to address high unemployment, lack of entrepreneurship culture, low rates of job creation, and the shortage of quality employment for university graduates in Central Asian countries. University students in these countries also lack technical support and practical training, while career centers lack qualified staff, methods, and networks to link graduates with employers.⁴¹ Under this project, Turkmenistan hosted the first-ever "National Forum on Youth Employment and Entrepreneurship" on February 26, 2016. It discussed important issues for youth employment, including the competencies necessary for entrepreneurship, student internships, career center development, and networking.⁴²

United States of America

US Embassy: The Information Resource Center (IRC) of the U.S. Embassy provides free access to an English-language library, movies, and tablets with electronic books and games and Internet access. The center also provides individualized assistance for using these supplies.⁴³ Similarly, the IRC provides a space for English-language learners to practice their language

35 See "Turkmenistan: The Golden Age," State News Agency of Turkmenistan report on the Fifth Congress of the Youth Organization of Turkmenistan named after Magtymguly, April 6, 2016, http://www.turkmenistan.gov.tm/_eng/?id=5729.

36 <http://www.turkmenistan.ru/en/articles/18080.html>.

37 "Turkmenistan: The Golden Age."

38 "Higher Education in Turkmenistan," European Commission, http://eacea.ec.europa.eu/tempus/participating_countries/reviews/Turkmenistan.pdf.

39 Ibid.

40 Erasmus+, <http://www.erasmusplus.org/tm/en/about/>.

41 "About UNIWORK," UNIWORK, <http://www.uniwork-project.eu/content/about-uniwork>.

42 "Turkmenistan National Forum on Youth Employment and Entrepreneurship," UNIWORK, http://www.uniwork-project.eu/content/TM_national_forum.

43 "Resources: IRC," Embassy of the United States, <http://turkmenistan.usembassy.gov/irc.html>.

skills, including with the U.S. Embassy staff. The U.S. Embassy also sponsors various exchange programs targeted at secondary school and university students, educators, researchers, mid-level professionals, agricultural specialists, young civic and political leaders, and women in science.⁴⁴

USAID: One of the projects funded by the U.S. Agency for International Development (USAID) was the Promotion of Information Communication Technology project launched in 2008. It was implemented by IREX (International Research and Exchanges Board) in collaboration with the National Academy of Science. The program aimed at improving computer literacy among university students and teachers, incorporating information and communications technology into the higher education system, fostering virtual networking among various university students, faculty, and staff within Turkmenistan and the Central Asia region, and promoting technological development and access to free information. As part of this program, an Internet Center for Interactive and Multimedia Learning was established at the Magtymguly Institute of Language and Literature. The center provided access to the Internet, peer networking, training, pedagogical materials, technical assistance, and an e-library for educators and public officials.⁴⁵

Moreover, in collaboration with Chevron Nebitgaz, the Ministry of Health and Medical Industry, Magtymguly Youth Organization, the Ministry of Education, and UNFPA, the USAID established two youth centers in the cities of Ashgabat and Mary in 2009. The centers provide a safe space to keep youth away from risky activities such as crime, drug use, and risky sexual behavior. Youth visitors can also network, learn new skills, attend workshops, learn the English language, and improve their health education.⁴⁶ Moreover, the centers offer individualized assistance to people struggling with drug addiction by providing psychosocial support, counseling services, and medical referrals.⁴⁷ For instance, from

May to July 2011 centers organized four-day peer-education training sessions on healthy lifestyles in five major cities where 125 youth peer educators took part. Topics included sexual and reproductive health, drug abuse, alcoholism, smoking, and the benefits of physical exercise and healthy diet.⁴⁸

Another initiative targeting youth is the Junior Achievement (JA) program, which has been implemented as a public-private partnership between USAID and Chevron Nebitgaz since 2009. The program educates and trains youth in economics, entrepreneurship, and tourism.⁴⁹ For example, after participating in an economics course and attending national and international JA competitions that test the participants' business skills, Eziz Muradov was offered a banking operator position at the Presidentbank, Ashgabat.⁵⁰ Such initiatives not only improve the technical skills of young Turkmen but also increase their chances of finding employment.

American Councils for International Education: Thus organization is an international nonprofit that serves as the main contractor and implementer of U.S. government-sponsored education and exchange programs in Turkmenistan. The American Corners are information and resource centers of the U.S. embassy that have been set up in three of the five regions of Turkmenistan.⁵¹ They also host education advising centers that provide open and free access to an English library, books on standardized tests, Internet access, and advice on U.S. universities and the application process, preparation for tests, and scholarships. Similarly, to help promising Turkmen youth successfully enroll in U.S. universities, a U.S. college and university preparation program provides comprehensive preparation for TOEFL/SAT tests and academic reading and writing. Moreover, the Future Leaders Exchange Program (FLEX) allows high school students to spend a year in an American family and attend an American high school. Upon completion of their program, most alumni continue their higher education at American universities.

44 "U.S. Government Sponsored Exchange Programs in Turkmenistan," Embassy of the United States, accessed April 23, 2016, http://turkmenistan.usembassy.gov/educational_exchange.html.

45 "The Condition of Higher Education in Turkmenistan," The Silk Project, <http://www.silkproject.org/highereducationinturkmenistan.htm>.

46 "Youth Centers in Turkmenistan," DevexImpact, <https://www.devex.com/impact/partnerships/youth-centers-in-turkmenistan-904>.

47 "Support Services and Centers Help Turkmenistan Adults and Youth Lead Healthier, Happier Lives," JSI Research and Training Institute, <http://jsi.com/JSIInternet/Results/article/display.cfm?thisSection=Features&thisSectionTitle=Features&thisPage=stories&ctid=na&cid=na&tid=20&id=330>.

48 "Youth Peer Trainings," Embassy of the United States, <http://turkmenistan.usembassy.gov/usaaid20110719f.html>.

49 "Turkmenistan," USAID, <https://www.usaid.gov/turkmenistan>.

50 "Success Story: Business Knowledge and Skills," Embassy of the United States, <http://turkmenistan.usembassy.gov/usaaid20110719.html>.

51 American Councils for International Education in Turkmenistan, <http://americancouncilstm.org/>.

United Nations Children's Emergency Fund

Since 1992 UNICEF has provided technical assistance to Turkmenistan to improve laws, policies, and public spending targeted at children.⁵² The organization provides technical assistance to implement the National Program on Early Childhood Development (ECD), School Readiness, and Child-Friendly Schools programs. The ECD program aims at raising preschool enrollment, especially in rural areas where only 1 in 10 children attend preschools. The program aims to prepare children for school, develop early childhood standards, and improve parents' knowledge of ECD. For instance, the Turkmen government and UNICEF co-financed pilot EDC centers for children with developmental difficulties. Under Child-Friendly Schools, UNICEF aims to provide an enabling learning environment and promote the rights and the needs of children in Turkmenistan. As part of this program, 20 pilot schools were selected across the country to receive teacher training, teaching materials, and resource centers containing computers, dictionaries, games, and puzzles for students.⁵³ Moreover, UNICEF provides life-skills training for adolescents in areas such as nutrition, hygiene, stress management, and sports to prevent behaviors leading to drug abuse or HIV/AIDS. This training is now part of the formal education system. UNICEF has also assisted in designing and developing necessary course curricula, books, and communication materials.⁵⁴

United Nations Population Fund

UNFPA has been working in Turkmenistan since 1992, targeting areas such as maternal health, rights of adolescents and youth, gender equality, women's empowerment, and population dynamics. UNFPA has been critical in providing youth with sexual and reproductive health education, including on family planning, maternal health, and HIV. The major projects implemented in this area include Y-PEER, TEEN Hotline, Youth Centers, and the *Yashlyk* website. Y-PEER, which was established in Turkmenistan in 2007, is a network of young people from 48 countries worldwide. Using peer-to-peer education, the initiative aims to provide access to

information and skills related to sexual and reproductive health and rights. Youth are more willing to discuss reproductive-health-related issues with their peers. Relatedly, TEEN Hotline was implemented as a result of collaborative work between the Health Information Center of the Ministry of Health and Medical Industry and the UNFPA. The hotline centers are located in the cities of Ashgabat, Mary, and Dashoguz. They aim to serve youth and their parents. The popularity of the hotlines has gone up significantly in recent years.⁵⁵

Furthermore, UNFPA is also actively engaged in the youth centers by providing youth-friendly health education. Peer-to-peer education is a crucial approach to preventing social problems among youth. Hence, Y-PEER's experienced trainers and volunteers provide training at the centers. The centers' visitors also benefit from personal consultations with gynecologists and psychologists.⁵⁶ Furthermore, in 2014 UNFPA launched *Yashlyk*, which is a website and android application for young people to access information on sexual and reproductive health in the Turkmen language. The site provides facts, tests, information, and guidance for boys and girls on topics such as feelings, body, personal hygiene, stress management, and puberty. Moreover, young people can anonymously ask questions about sensitive topics and consult with psychologists and gynecologists to receive professional advice.⁵⁷

These national and international initiatives are tremendously helpful for youth development in Turkmenistan. Nevertheless, some of them are limited to university students and do not take into account those who are not part of the formal education system. For instance, the Magtymguly Youth Organization only engages university students. It is also often criticized for being a government-run institution as opposed to being a youth-led initiative. National and international actors still perceive youth as at risk and are trying to solve youth problems or prevent risky behaviors. However, there is an urgent need to reform the current approach to youth development by targeting all youth and perceiving them as assets to be developed.

52 "UNICEF in Turkmenistan," UNICEF, <http://www.unicef.org/turkmenistan/overview.html>.

53 Ibid.

54 Ibid.

55 "Two Youth Centers Were Launched in Ashgabat and Mary," UNFPA, October 18, 2011, <http://www.unfpa.org/tm/en/pressroom/news/local-news/two-youth-centers-were-launched-in-ashgabat-and-mary/>.

56 Ibid.

57 *Yashlyk*, <http://yashlyk.info/tm/>.

Why Do Youth Matter for Socioeconomic Development?

Since Turkmenistan's natural resources are exhaustible, the country should reinvest its proceeds in developing its youth capital. While youth development is a desirable end in itself, it would also contribute to the country's sustainable socioeconomic development. First of all, young people are vital source of income due to their sheer number. People under 25 make up more than half of Turkmenistan's population,⁵⁸ and they constitute a large share of the labor force. If this mass is educated and skilled, they can lead the way to future economic growth and stability. Second, young people are the source of innovation and positive change. If provided with the right expertise, resources, and enabling environment, their energy, enthusiasm, creative ideas, and technological know-how can be a long-term solution to the country's social and economic challenges. Compared to adults, for example, young people learn faster, adapt to changes quicker, and absorb new ideas and technologies more easily.⁵⁹ Moreover, the transition from childhood to adulthood is a very crucial period that can determine the future of an individual and of a whole society. Investing early can result in increased productivity, lower health expenses, improved social capital, and greater resilience to risks.⁶⁰ For instance, in countries of Latin America and the Caribbean, risky behavior of youth reduces economic growth by 2 percent per year.⁶¹ Thus, by bringing up healthy and educated young adults and providing opportunities for their self-realization, Turkmenistan could tap into its largest human source.

Furthermore, youth population creates a window of opportunity for Turkmenistan's economic growth, known as a 'demographic dividend.' This is when the rates of infant mortality and fertility decrease while the ratio of the non-working-age to the working-age population declines. As the dependency rate decreases, excess resources become available to invest in the family and the economy.⁶² This high

number of young people can be both an opportunity and a challenge for a country's development. To illustrate, the red line in Figure 4 is the median for young population in Turkmenistan. It is expected to rise between 2015 and 2025, and then steadily decline. The country has roughly ten years to develop as much human capital as possible because this is going to be the largest youth cohort it will ever have. It is not a guarantee of economic growth; rather, it is a one-time opportunity that can be exploited if effective policies are in place.

On the flip side, frustrated youth who fail to find employment might become a 'demographic bomb' and potential source of social and political instability.⁶³ Similarly, in the years to come, this demographic group will eventually become a dependent population and Turkmenistan will have to spend a lot of resources to support it. To demonstrate, Figure 5 shows projections for the working-age population, which is expected to grow until 2045 and then gradually decline. So, for the next 30 years, Turkmenistan has to ensure its workforce is trained and productive, because with a progressively aging populace and growing dependency, it will suffer an economic slowdown.

Highlights of the Survey Findings

For many development agencies, including those working on youth development in Turkmenistan, the major challenge is the lack of reliable data. According to UNFPA, gender-disaggregated and age-specific data are essential for making better-informed policy decisions.⁶⁴ Working without data is like maneuvering in the dark where one does not know one's starting point, the direction one needs to take, and how to get there. Hence, to address this shortcoming, the author collected empirical data by conducting semi-structured interviews with youth experts working in the United States and internationally. The main objective of the interviews was to consult with youth experts on global youth development trends

58 Ibid.

59 Paola Perezniето and James Hamilton Harding, "Youth and International Development Policy: The Case for Investing in Young People," Overseas Development Institute, May 2013, <https://www.odi.org/publications/7457-youth-international-development-policy-case-investing-young-people>.

60 Ibid.

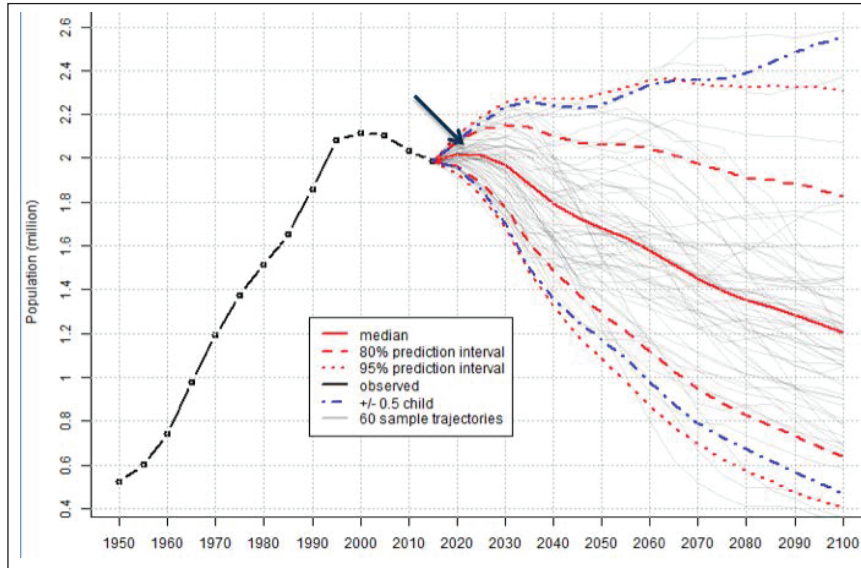
61 "Youth as a Smart Investment," United Nations, <http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-smart-investment.pdf>.

62 "Demographic Dividend," UNFPA, <http://www.unfpa.org/demographic-dividend#>.

63 Justin Yifu Lin, "Youth Bulge: A Demographic Dividend or a Demographic Bomb in Developing Countries?," World Bank, January 5, 2012, <http://blogs.worldbank.org/developmenttalk/youth-bulge-a-demographic-dividend-or-a-demographic-bomb-in-developing-countries>.

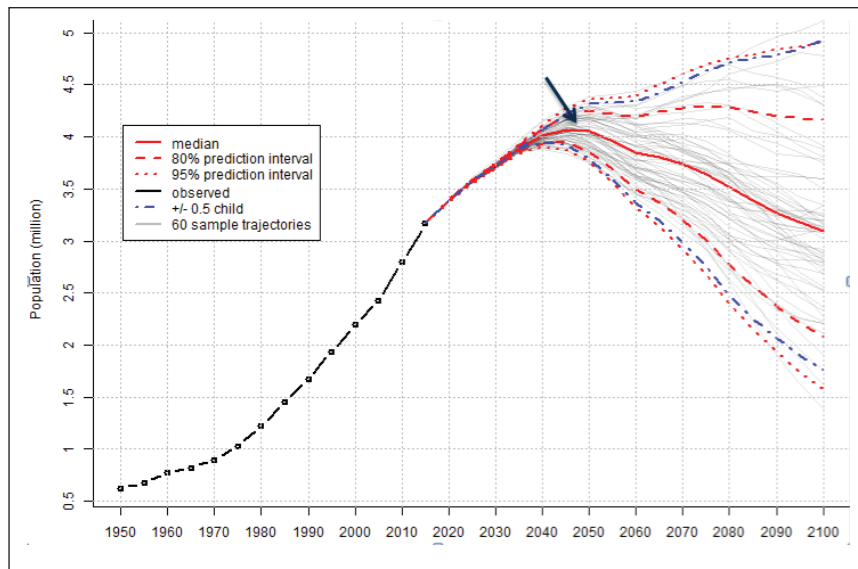
64 "United Nations Population Fund: Country Programme Document for Turkmenistan," UNFPA, March 30, 2015, http://www.unfpa.org/sites/default/files/portal-document/DP.FPA_CPD_.TKM_.4.-CPD%20Turkmenistan-LF-HR-FINAL-30Mar15.pdf.

Figure 4. Turkmenistan: Probabilistic Projections of Population Aged 0-19



Source: United Nations, Department of Economic and Social Affairs, Population Division (2015)

Figure 5. Turkmenistan: Probabilistic Projections of Population Aged 20-64



Source: United Nations, Department of Economic and Social Affairs, Population Division (2015)

and identify relevant actors and their programs, including in Turkmenistan. Respondents came from organizations such as the U.S. State Department, USAID, the World Bank, IREX, American Councils for International Education, CSIS (Center for Strategic and International Studies), International Youth Foundation, Creative International, Education Development Center, and FHI 360. Findings from interviews were essential in informing the policy recommendations in this paper.

Likewise, to find out how youth perceive themselves—whether they are successful and what helps them to be successful or impedes their ability to succeed—the author conducted an online survey among 17-30 year-old youth from Turkmenistan. Since the survey aimed to capture the experiences of those who are currently attending high schools, applying or studying at universities, and working, this age group was determined to be the most appropriate. The survey was centered around four main themes:

characteristics of youth in Turkmenistan, the learning environment and social engagement of youth, youth's perception of development in Turkmenistan, and skills and opportunities essential for youth to succeed. The survey used snowball sampling whereby existing respondents shared the survey with their acquaintances and through social media outlets such as Facebook and V Kontakte. This method was the most appropriate in the context of Turkmenistan, where it is difficult to access the youth population. Turkmenians are not used to the culture of public surveys, and people are generally reluctant to share their views on sensitive issues, even on an anonymous basis. Hence, trust in the researcher was crucial in collecting the survey data. Overall, 114 people filled out the questionnaire, one-third of whom were based in Turkmenistan. The gender of respondents was relatively balanced, with 54.4 percent males and 45.6 percent females. The three main regions where they came from are Ashgabat, Lebap, and Mary, in order of magnitude. Almost 90 percent of respondents have BA and MA degrees, mainly earned from universities in Europe, the Commonwealth of Independent States, and Turkey.

Although this survey is not representative of all youth in Turkmenistan and its findings are not generalizable, it still provides good food for thought. It offers a snapshot of what challenges young people face, what opportunities they lack, and what outcomes they would like to see in their country. For instance, when asked to choose the top three challenges to youth development in Turkmenistan, respondents selected corruption, limited access to higher education, and poor quality of education. Figure 6 summarizes these findings in percentage terms. Young people perceive corruption as the major challenge to youth development primarily because it limits their ability to pursue higher education.

However, many of those who manage to receive higher education abroad decide to stay there. According to survey respondents, two-thirds of whom reside overseas, the major reasons for this include limited opportunities for professional growth, limited jobs, nonrecognition of foreign degrees, and difficulty in setting up one's own organization or business (Figure 7). Thus, limited opportunities to find employment and pursue their own initiatives restrain youth from coming back.

Likewise, youth in Turkmenistan seem to relate success to building professional expertise rather than accumulating assets. As illustrated in

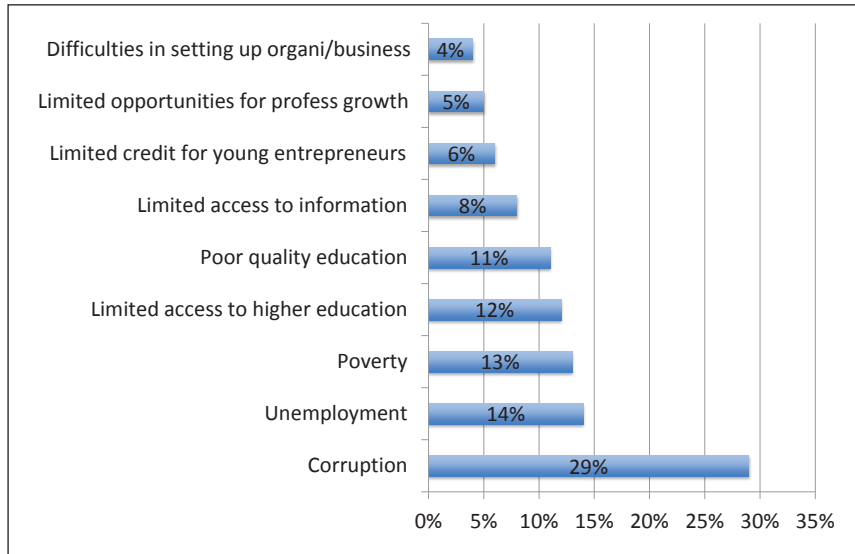
Figure 8, the top signifiers of personal success for youth include having professional growth, higher education, and useful skills. Moreover, youth value contributing to Turkmenistan's progress more than having monetary benefits such as working abroad, having a well-paid job, or even owning a house. So, for youth to be able to advance their country's development, they first need to boost their own competence.

Conclusion

The current economic crisis in Turkmenistan is the result of prioritizing and depending on a single sector. High oil prices and lucrative gas deals with foreign companies generated reserves that could have helped jump-start economic diversification. Instead of making long-term and profitable investments, however, most of those revenues were spent buying goods, constructing buildings, or hosting big events such as the Asian Games. Now, natural resources are failing not only the country's economy but also its youthful population. Spending and attention to the developing assets of young people is insignificant. Youth in Turkmenistan struggle with limited access to higher education, low spending on education, and lack of employment. Some of those who have the resources to study abroad never come back due to these reasons. This is highly costly for the local economy, which struggles with shortages of qualified staff, creative ideas, technological know-how, and privately led initiatives. Thus, Turkmenistan should prioritize and channel enough resources to developing its youth potential.

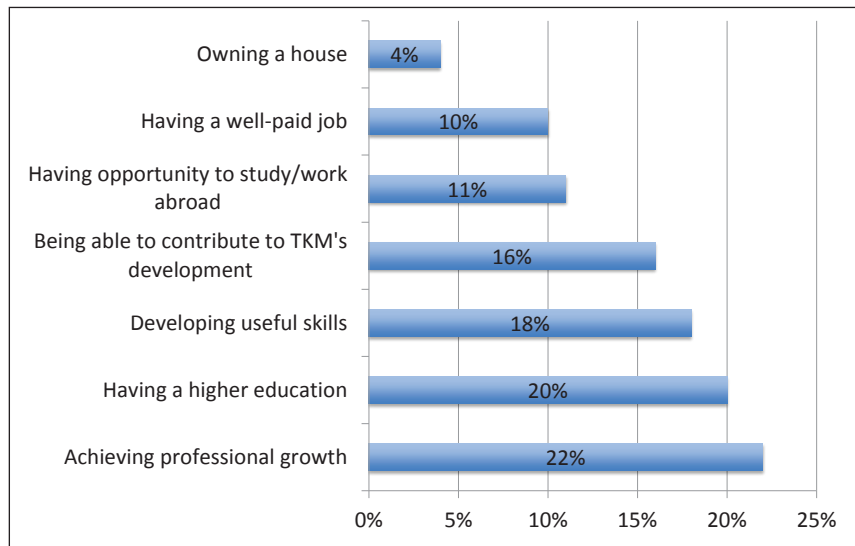
Youth capital cannot only be an alternative to natural capital, it can also be a solution to the country's current economic difficulties. Young people are the present and the future of Turkmenistan. Hence, by educating and building their expertise, the country will foster human capital able to trigger, drive, and maintain sustainable development. Applying the framework of Positive Youth Development would allow Turkmenistan to see its youth as assets that can be leveraged. The policy recommendations below suggest a multidimensional and cross-sectoral approach to youth development in Turkmenistan. They prioritize the development of noncognitive skills, cultivating relations with caring adults, and providing safe environments. This policy paper believes that aligning the strengths of youth with the communi-

Figure 6. The Most Important Challenges to Youth Development in Turkmenistan



Source: Author's survey

Figure 7. Top Signifiers of Personal Success to Youth



Source: Author's survey

ty's ecological assets through positive relationships in schools, families, and society can really help youth to thrive.

Policy Recommendations

Supporting Youth to Thrive through Soft Skills Training

To ensure Turkmenistan can take advantage of its demographic dividend, this policy paper suggests developing young people's soft skills, strengthening

relations with caring adults, and providing supportive environments. Reforming the education system is a time- and money-intensive process. It will be challenging to provide every young person with access to quality university or vocational training. While education is clearly important, it is not sufficient for youth to thrive. Therefore, including skills training in formal and informal education can help develop young people's soft skills, which are equally as important as academic skills. In today's fast-changing economies that are mainly driven by intellectual and technological advancements, soft skills have become

known as twenty-first-century skills. They are known as noncognitive, social-emotional, or soft skills. While cognitive skills refer to intellectual ability to think, reason, or remember, noncognitive skills relate to one's personality, motivation, attitudes, and interpersonal skills.⁶⁵ According to students, teachers, parents, and Fortune 1000 executives, higher-order thinking and performance skills are much more important in preparing youth for college and a job than the ability to critically examine content.⁶⁶

Moreover, there is an ongoing criticism of IQ or cognitive tests as illustrations of one's ability to succeed in an academic or professional setting. The recent studies reveal that the combination of cognitive and noncognitive skills influences decisions regarding schooling, employment, occupation, and on-the-job experience. Youth with soft skills are less likely to drop out of high school and more likely to pursue higher education, finish university, and earn higher wages.⁶⁷ Although both cognitive and noncognitive skills are important predictors of troublesome behavior, noncognitive ability is the dominant factor in explaining an individual's likelihood to smoke, commit a crime, or engage in illegal activities. Similarly, the noncognitive factor has greater influence on females' likelihood of getting pregnant before 18 years of age.⁶⁸ Noncognitive skills influence development of cognitive skills, but not the other way around.⁶⁹

Likewise, soft skills affect young people's professional achievements. A recent study conducted by Child Trends identified key soft skills that foster workforce success among 15-29 year olds. These skills include higher-order thinking, communication, positive self-concept, self-control, and social skills.⁷⁰ As the research showed, young people who possess these skills are likely to be successful in their job search, in interviews, and in getting hired. Since these skills also make young workers more productive, they are more likely to be retained, promoted, and offered a competitive salary compared to those without these skills. In addition, among youth who had limited ed-

ucational opportunities, soft skills can balance their inadequate training and increase their chances of getting and retaining a job. Because these skills are malleable, any young person can develop them given internal drive and external support.⁷¹ Since soft skills are crucial for youth to do well in academics, social life, personal relationships, and professional setting, they should be explicit pillars of the education policy in Turkmenistan.

Cross-Sectoral Approach to Positive Youth Development

As young people develop in different areas, it is crucial to engage various sectors and have a holistic approach to youth development. First of all, when designing and implementing youth development strategy, the Turkmen government should take a collaborative approach and engage relevant line ministries, donor agencies, regional and local governments, and educational institutions. Some of the relevant institutions include the Ministries of Education, Health, Economy and Development, Labor and Social Protection, and donors such as UNICEF, UNFPA, EU, USAID, and the U.S. Embassy. Second, the Turkmen government should designate a focal point within the Ministry of Education (MoE) responsible for coordinating activities of various actors and overseeing the implementation of PYD. Similarly, it is crucial that the government allocates clear responsibilities, authority, and necessary funding to this institution to ensure its effectiveness in promoting the development of youth.

While noncognitive skills can be developed before and during school years, nurturing such skills depends on the family, school, community and country at large. Together with the above-mentioned actors and the school staff, the MoE should determine specific skills to be included in pre-, primary-, and secondary-school education. Table 1 lists some important soft skills cited in the literature and youth survey. However, the MoE should choose those skills that are the most relevant and needed in the local la-

65 "Key Facts: Cognitive and Noncognitive Skills," ACT, <http://www.act.org/content/act/en/products-and-services/workforce-solutions.html>.

66 "The Metlife Survey of the American Teacher: Preparing Students for College and Careers," Metlife, www.metlife.com/about/corporate-profile/citizenship/metlife-foundation/metlife-survey-of-the-american-teacher.html?WT.mc_id=vu1101.

67 James J. Heckman, Jora Stixrud, and Sergio Urzua, "The Effects of Cognitive and Noncognitive Abilities on Labor Market Outcomes and Social Behavior," *Journal of Labor Economics* 24, no. 3 (2006): 411–82.

68 Ibid.

69 Flávio Cunha and James J. Heckman, "Formulating, Identifying and Estimating the Technology of Cognitive and Noncognitive Skill Formation," *Journal of Human Resources* 43, no. 4 (2008): 738–82.

70 Laura Lippman et al., "Workforce Connections: Key 'Soft Skills' that Foster Youth Workforce Success: Toward a Consensus Across Fields," June 2015, <http://www.childtrends.org/wp-content/uploads/2015/06/2015-24WFCSoftSkills1.pdf>.

71 Ibid.

bor market. Similarly, as the youth development literature suggests, it is crucial to start early. Thus, MoE should focus on youth who are 0 to 19 year old since this is when individuals form their selves, their personalities, and build their skills and set future goals.

Multidimensional Approach to Positive Youth Development

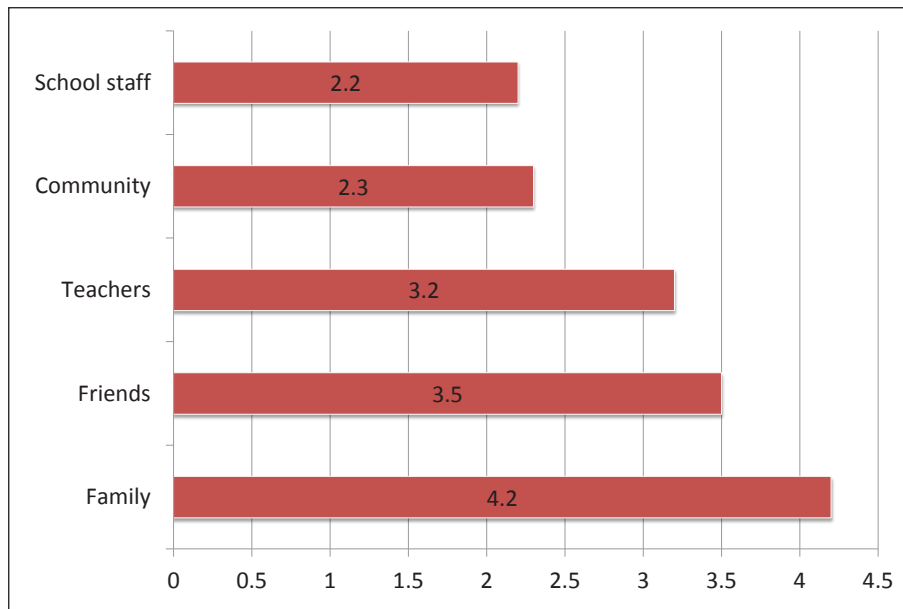
1. Developing Personal Assets and External Support through Formal and Informal Education

While the structure of local economy and employment has changed over time, the education sector has failed to change fast enough to reflect the needs of today’s labor market. Turkmenistan could implement a PYD approach without necessarily implementing radical education-sector reforms. First of all, it is crucial to change teachers’ mindset and practices by raising their awareness of PYD and its long-term impact in helping youth to thrive. As educators, with whom young people spend most of their time, teachers can play a crucial role as caring adults and role models. They can motivate youth to believe in themselves, build on their strengths, and set and pursue goals. A simple regression, illustrated in Table 2, shows that teacher motivation impacts young people’s satisfaction with school. However, as Figure 9 demonstrates, teachers and the school administra-

tion in Turkmenistan are doing poorly when it comes to encouraging students to develop their interests and talents and believe in themselves. Teachers’ responsibility is not simply to teach students but rather help them develop into self-motivated learners. Thus, in the short-term, it is important to support and train current teachers to effectively nurture soft skills among students. In particular, teachers should be encouraged to set clear goals about what skills to harness and how, ways to monitor and measure their success, record their challenges, and constantly improve their approach through collaboration with students and teachers. In the long run, soft-skills training and adolescent development should be included in training future teachers.

Second, the teaching curriculum at pre-, primary, and secondary schools should be complemented with interactive methods of learning and skills training. According to social learning theory, a key component in individual learning is human connections. People learn best by observing others and getting support and feedback from others.⁷² Therefore, classroom learning should be collaborative, so that students can interact and learn from each other. Not surprisingly, survey respondents also suggested that an interactive approach would be the most beneficial way for learning. Studies show that having students

Figure 8. How Often Did Each of the Following People Help or Encourage You to Develop Your Interests and Talents and Believe in Yourself? (1 - Never, 5 - Always)



Source: Author’s survey

72 Albert Bandura, *Social Learning Theory* (New York: General Learning Press, 1971).

work in teams can cultivate collaboration, critical thinking, and communication.⁷³ Thus, in addition to independent homework, teachers could assign group projects where students will have to work in teams and present their assignment in front of the class. Another way to incorporate soft skills into daily class activities is through Expeditionary Learning. Here, students examine existing problems in their community and develop innovative, actionable solutions by collaborating with their peers and adults.

Third, teachers should aim to develop individualized education plans to support the development of both cognitive and noncognitive skills. Since adolescents undergo cognitive development at different rates, such a plan would help educators to determine a student's unique needs and capacities and design an appropriate teaching program that makes the best use of the teacher's time and resources. Teachers could also contribute to the long-term academic and career development of their students by helping them decide and prepare for university or employment. When asked, what more could the secondary school have done to better prepare youth for a university and a workplace, the top three responses included: encourage students to set goals and be goal-oriented, prepare for university exams, and teach critical thinking.

Furthermore, schools should develop after-school programs and/or extracurricular activities that would help students develop and practice these soft skills. Afterschool programs can play an important role in shaping the personality of youth and strengthening relationships with peers and adults. As the literature shows, afterschool programs not only improve students' attitudes toward school, but also their social skills while reducing risky behaviors.⁷⁴ They can focus on tutoring, mentoring, helping with homework, music, arts, drama, and sports. Moreover, out-of-school programs could help adolescents gain hands-on experience through project-based activities and engagement with the local community. For instance, through volunteer activities, students could help the elderly in the community, teach children at the orphanage, or pair up with socially excluded children such as the disabled. This would not only devel-

op the social and emotional skills of adolescents but also teach them the importance of caring for others and contributing to their society.

2. Developing Personal Assets and External Support Through Family Education

Another institution where youth spend most of their time includes family. Parents influence the formation of both noncognitive and cognitive skills. The study examining the formation of skills found that family investment has greater impact on developing the noncognitive skills of children. Parents' efforts to develop cognitive skills are more effective at earlier ages, and for noncognitive skills at later ages.⁷⁵ Thus, the Ministry of Education, in collaboration with local authorities and schools, should educate parents to the importance of a positive approach to adolescent development and training in soft skills from early ages. Since parents are aware of their children's strength and interests, they need to build on those assets. Parents should be engaged and stay abreast of their children's academic performance, achievements, and challenges by conversing with children, teachers, and school staff on a regular basis. They should not only help their children with their homework but also provide opportunities to apply their knowledge on daily basis. Parents should encourage their children to read, learn new things, attend extracurricular activities, volunteer in their community, and gain practical experience. Such practices can help youth improve their social and emotional skills, discover themselves, prepare for adult life, and set future goals. Parents also need to discuss the professional goals of their children on a regular basis to help them set and accomplish career goals.

3. Developing Personal Assets and External Support through Safe Environments

Upgrading School Medical Centers: Adolescence is a time when individuals are the most vulnerable and emotionally unstable as they undergo physical, mental, and emotional changes. As research shows, quality school medical centers can promote student mental health and trusting relationships with caring

73 Diane Friedlaender et al., "Student-Centered Schools: Closing the Opportunity Gap," Stanford Center for Opportunity Policy in Education, 2014, <https://edpolicy.stanford.edu/publications/pubs/1200>.

74 Joseph Durlak and Roger Weissberg, "Afterschool Programs That Follow Evidence-Based Practices to Promote Social and Emotional Development Are Effective," in *Expanding Minds and Opportunities: Leveraging the Power of Afterschool and Summer Learning for Student Success*, ed. Terry K. Peterson (Washington, D.C.: Collaborate Communications Group, 2013).

75 Cunha and Heckman, "Formulating, Identifying and Estimating the Technology of Cognitive and Noncognitive Skill Formation."

adults.⁷⁶ Thus, it is important to upgrade the school medical centers in Turkmenistan and provide youth development professionals and psychologists who can offer need-based assistance. The school and medical staff have to make sure that students feel comfortable enough to approach and seek help by keeping their meetings anonymous and voluntary. Also, to avoid stigmatization of youth who visit such centers, it is essential to educate students and their parents about the availability and importance of such services.

Upgrading Turkmenistan Youth Centers (TYC): The Turkmen government, in collaboration with the U.S. Embassy, UNICEF, and UNFPA, should improve the existing youth centers to make them more attractive for youth. They can offer skills training, health education, and volunteer experience where youth could engage and interact with their local communities. Centers should not solely focus on preventing negative behaviors among youth but also stress the positive and build on youth assets. Providing a safe and friendly environment is not only about keeping youth busy and away from problems; it is also about providing a meaningful experience where youth feel that they belong and are welcome. Environments and experiences starting from prenatal to early childhood

influence the early stages of human development⁷⁷ In addition, it would be beneficial to expand the network of actors and engage other line ministries such as the Ministry of Economy and Development and the Ministry of Labor and Social Protection. They could help identify and train youth in specific soft and technical skills that are in demand in the local labor market and needed for the country's long-term economic growth. Moreover, the Ministry of Education should develop and provide university preparatory programs to help the center's visitors prepare for entrance exams. For instance, in the survey, young people's limited knowledge of how to pass university entrance exams was among the top four explanations for low university enrollment in Turkmenistan. In addition, TYC should examine and learn from successful cases such as the Latin American Youth Center, which has decades of experience in promoting positive youth development in the United States (see Case Study). Although working in a U.S. context may be different, youth centers in Turkmenistan could adopt important practices such as engaging parents, employing former youth center participants as staff, and attracting staff who are genuinely committed to youth development.

76 Yolanda Anyon et al., "Health Risks, Race, and Adolescents' Use of School-Based Health Centers: Policy and Service Recommendations," *Journal of Behavioral Health Services & Research* 40, no. 4 (2013): 457–68.

77 Jack P. Shonkoff and Deborah A. Phillips, eds., *From Neurons to Neighborhoods: The Science of Early Childhood Development* (Washington, D.C.: National Academies Press, 2000).

Case Study: Latin American Youth Center (LAYC)

Established in 1968, the Latin American Youth Center initially served immigrant Latino youth in Washington, D.C., USA, who were at risk, but eventually extended its work to all youth from diverse backgrounds and neighborhoods.

Multi-Lingual and Culturally Sensitive Programs:

- *Educational Programs* — year-round tutoring and homework assistance, health and fitness, computer literacy, and college preparation;
- *Community Wellness* — education, outreach, and leadership development programs promoting physical and mental health and community peace-building;
- *Social Services* — reinforcing family's role in youth development through counseling, prevention, child placement, and residential housing;
- *Workforce Investment* — supporting out-of-school youth to build the skills necessary to get and maintain employment through job readiness, life skills training, job placement services;
- *Art and Media* — encouraging youth to express themselves and to address community issues through fine arts, photography, video, radio, and media production, music and creative writing;
- *Advocacy* — influencing public policies, social structures affecting low-income/minority youth.

In the Words of LAYC Youth:

- Center provides a nurturing, caring, and safe environment that focuses on the positive;
- Staff encourages and provides opportunities for youth to build on their strengths, to develop new skills, abilities, and talents, and to build self-confidence and pride;
- Staff serves as role models by listening to youth and giving them positive direction, encouraging to try new things, challenging them to grow, giving them responsibility.

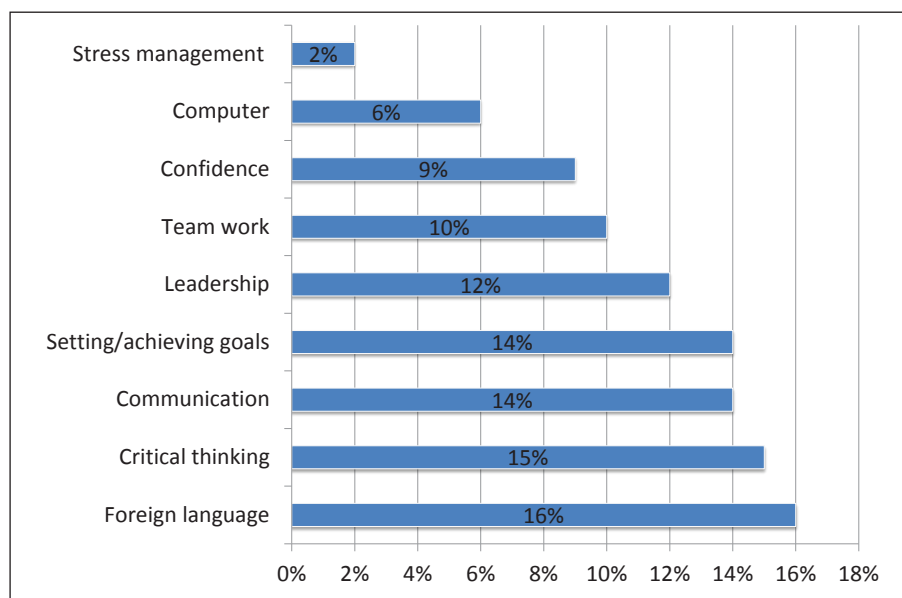
Lessons for Turkmenistan Youth Centers:

- Make young people a priority; adjust programs to changing needs of youth;
- Attract and keep qualified staff who are committed to youth success and serve as role models;
- Promote leadership and advocacy among youth;
- Set high expectations for youth;
- Engage parents;
- Attract former youth participants as staff.

Source: Latin American Youth Center, <http://www.layc-dc.org/index.php/home.html>.

Appendix

Figure 9. The Types of Skills That Would Have Helped Youth in Turkmenistan to Be More Successful as Professionals



Source: Author's survey

Table 1. Noncognitive Skills That Are Essential for Holistic Youth Development

• Critical thinking	• Self-regulation
• Problem solving	• Persistence
• Communication	• Academic confidence
• Emotional health	• Teamwork
• Social	• Organizational
• Work ethic	• Creativity
• Community responsibility	• Foreign language
• Stress management	• Computer literacy
• Leadership	• Ambition
• Self-control	• Goal Setting
• Higher-order thinking	• Performance

Source: Developed by the author using findings from the survey and literature review

Table 2. Youth's Satisfaction with School and Encouragement by the School Administration, Teachers, Family, Friends, and Community

Source	SS	df	MS	Number of obs = 114		
Model	336.974859	5	67.3949719	F(5, 108) = 14.59		
Residual	498.779526	108	4.61832895	Prob > F = 0.0000		
Total	835.754386	113	7.39605651	R-squared = 0.4032		
				Adj R-squared = 0.3756		
				Root MSE = 2.149		
Q13_schsat~f	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Q12_Schadmin	.1836136	.2330081	0.79	0.432	-.2782488	.645476
Q12_Teachers	.838116	.2252123	3.72	0.000	.3917062	1.284526
Q12_Family	.4054359	.2135676	1.90	0.060	-.0178921	.828764
Q12_Friends	.0304003	.2202703	0.14	0.890	-.4062137	.4670142
Q12_Communicat	.3992184	.2085677	1.91	0.058	-.0141989	.8126357
_cons	.0562827	.9087689	0.06	0.951	-1.745055	1.85762

Source: Developed by author by conducting a simple regression on STATA using survey findings

- * On a scale from 1 to 10 (1 - very unsatisfied, 10 - very satisfied), youth had to rate how satisfied they were with their overall learning experience at the secondary school. Those who said they were encouraged by their teachers to develop their interests and talents and believe in themselves were, on average, 0.83 points more satisfied with their school experience.

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The Central Asia Program (CAP) at George Washington University promotes high-quality academic research on contemporary Central Asia, and serves as an interface for the policy, academic, diplomatic, and business communities.

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TURKMENISTAN: Changes and Stability under Berdimuhamedow is part of a series dedicated to the 5th anniversary of the Central Asia Program.

The most closed and understudied country in Central Asia, Turkmenistan has been facing profound evolutions since the death of its first president, Saparmurat Niyazov, in December 2006. The political regime has evolved slowly under the second president, Gurbanguly Berdimuhamedow, giving more room to the emerging middle class and allowing for slightly more open patterns of development, particularly in higher education. The country has pursued its neutrality status in a post-Crimea world but has been feeling previously unknown insecurities related to destabilizations coming from its Afghan neighbor. Turkmenistan has also entirely reoriented its gas production and export strategies toward China, which has so far resulted in Ashgabat being essentially held hostage by China's policies, with little room for maneuver to adjust to a new world energy context.

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