



## STRENGTHENING THE TRADE CAPACITY IN TURKMENISTAN, PHASE II

### Annual Project Progress Report

#### GOVERNMENT OF TURKMENISTAN

<b>Implementing Agency:</b>	United Nations Development Programme (UNDP)		
<b>Project ID:</b>	01000252		
<b>Gender Marker:</b>	GEN 1 (Gender is integrated in the conflict analysis and findings from it ensure that the project does no harm and is not reinforcing gender inequality, but gender equality is not a significant objective of this project or addressed in the interventions)		
<b>Digitalization Marker:</b>			
<b>Project Title:</b>	Strengthening the Trade Capacity of Turkmenistan, Phase II (include the complete title of the project as per the project document)		
<b>Project Duration:</b>	01 March 2023 – 31 August 2024		
<b>Country / Region:</b>	Turkmenistan		
<b>Funding Partner/s:</b>	Government of Turkmenistan		
<b>Total Budget:</b>	\$164,486.00		
<b>Government Cost-Sharing:</b>	\$ 164 486.00		
<b>UNDP TRAC Fund:</b>	\$0.00		
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<b>Responsible Parties:</b>	Ministry of Trade and Foreign Economic Relations of Turkmenistan		
<b>Reporting Period:</b>	01 January 2024 – 31 August 2024		
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## Acronyms

*(Note: it should be arranged in alphabetical order)*

RBEC	Regional Bureau for Europe and the Commonwealth of Independent States
UNDP	United Nations Development Programme
MinTrade	Ministry of Trade and Foreign Economic Relations of Turkmenistan
SDG	Sustainable Development Goals
WTO	World Trade Organization
UNSDCF	United Nations Sustainable Development Cooperation Framework for 2021-2025
CPD	Country Programme of Cooperation between Turkmenistan and UNDP for 2021-2025
NPC	National Project Coordinator
PSB	Project Steering Board
PB	Project Board

## I. Executive Summary

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The project was relevant to growing needs and priorities of Turkmenistan to further strengthen institutional capacity of the Ministry through digitalization processes. The project was designed and developed to achieve the national goals and national strategic objectives, outlined in the National Program of Socio-Economic Development of Turkmenistan for 2022-2052, Program of the President of Turkmenistan on Socio-Economic Development for 2022-2028, Program on Development of Digital Economy in Turkmenistan for 2021-2025, Program on Development of Foreign Economic Activities of Turkmenistan for 2020-2025, Foreign Trade Strategy of Turkmenistan for 2021-2030 Sustainable Development Cooperation Framework between Turkmenistan and the United Nations, and the country's SDG framework (SDG 8: Decent work and economic growth, SDG 9 (Innovation/Infrastructure), SDG 10 (Equality) and SDG 17 (Partnership)).

### **Progress Against Outputs and Outcomes**

During the reporting period, significant progress was made towards achieving the project outputs:

**Training Programs:** A two-day training program on “Development of Trade in a Competitive Environment and the Role of Digitalization as a Tool for Simplifying Trade Formalities” was conducted, enhancing the skills of 15 participants from various government agencies. The training improved understanding of digital trade facilitation, paperless trade mechanisms, and the Single Window system.

**Installation of procured IT Equipment:** The installation of IT equipment and software procured during the previous year, worth approximately \$96,000, was completed.

### **Key Challenges and Risks**

Several challenges were encountered during the project implementation:

**Initial Inconsistency and Unforeseen Needs:** The project faced initial inconsistencies and unforeseen needs that required continuous adaptation and realignment of activities.

**Budgetary Constraints:** Limited budget and tight timeframes posed significant challenges, necessitating prioritization and reallocation of resources.

**Procurement Delays:** Ensuring that procured ICT equipment met technical requirements required close monitoring and timely interventions.

To mitigate these challenges, the project team maintained regular internal meetings, updated procurement plans, and engaged in continuous dialogue with stakeholders.

### **Utilization Update**

The total project budget for 2024 is USD 43,361.19. As of July 31, 2024, total expenditures amounted to USD 11,650.00, representing approximately 26,87% utilization of the allocated budget.

### **Key Recommendations**

**Enhanced Stakeholder Engagement:** Involve relevant Ministry staff from the beginning to ensure project design aligns with their goals and needs.

**Flexible Project Planning:** Incorporate flexibility into project plans to adapt to changing needs and unforeseen challenges.

**Sustainability Measures:** Embed digitalization practices within the Ministry's operations and secure commitments from national and international partners for continued support.

By implementing these recommendations, the project can ensure the continued success and sustainability of its results, contributing to Turkmenistan's economic development and trade capacity.

## II. Introduction / Background

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The United Nations Development Programme jointly with the Ministry of Trade and Foreign Economic Relations of Turkmenistan implemented the project “Strengthening the Trade Capacity of Turkmenistan” in 2019-2022, aimed at building trade capacity of the country through the development of human capital in order to increase the competitiveness of national personnel and transform the human capital into a leading factor of economic growth and national competitiveness, diversify exports and increase the share of higher value-added products in its pattern, and reduce the proportion of imports in country’s economy.

The "Strengthening the Trade Capacity of Turkmenistan, Phase II" project is a logical continuation of Phase I in 2022. Phase I addressed human capital development and institutional capacity building to bolster trade competitiveness and support Turkmenistan's efforts to join the WTO.

Building on these achievements, Phase II focuses on strengthening the digital capacity of the Ministry of Trade and Foreign Economic Relations. Turkmenistan actively seeks economic diversification and integration into the global trade system, making WTO accession a key national priority. The Ministry of Trade and Foreign Economic Relations plays a vital role in formulating trade policy and facilitating trade operations. However, limitations exist in their digital infrastructure and staff capacity for data-driven decision making and efficient trade management.

Strengthening the Trade Capacity of Turkmenistan, Phase II" project addresses this gap by Strengthening institutional capacity through digitalization processes includes:

**1.1. A review of the process of analysing information and data on trade and foreign economic activity, as well as the development and introduction of a digital analytical platform for export-import operations.**

**1.2. An assessment of Ministry’s needs as for hardware resources for the effective digitalization process, including the necessity of distance learning actions to provide broader capacity building opportunities to the Ministry staff.**

During the Project Board Meeting held on May 5, 2023, it was decided to prioritize activity 1.2, focusing on hardware procurement and then return to the activity 1.1.

During the November 10, 2023, Project Board meeting, it was decided to amend the project and extend its duration through the first half of 2024.

The following key revisions were made:

**Indicator 1.1 was replaced with "Training on issues of sustainable development and trade for specialists of the Ministry was conducted."**

**A new activity, "1.3. Organize a study visit to one of the countries with best practices in trade facilitation," was added.**

These revisions were submitted to the Government for approval and no cost project extension was signed in February 2018.

Strengthening the Ministry’s digital capacity is crucial for effective data analysis, informed trade policy formulation, and successful WTO accession. Improved digital tools and staff skills will enhance trade management efficiency and support export diversification. This project aligns with numerous national development strategies emphasizing economic growth, digitalization, and foreign trade development. It contributes to the achievement of the SDGs adopted by Turkmenistan, focusing on decent work, innovation, and partnerships.

Overall, the project aims to bridge the digital gap within the Ministry, empowering them to formulate effective trade policies, facilitate trade operations, and contribute to Turkmenistan's economic development goals.

Linkages to the Sustainable Development Cooperation Framework for 2021-2025(UNSDCF) and the Country Programme of Cooperation between Turkmenistan and UNDP for 2021-2025 (CPD): The project directly contributes to the achievement of Outcome 2 of UNSDCF By 2025, conditions for sustainable and inclusive economic diversification are strengthened with competitive private and financial sectors, enhanced trade and investment promotion, and the adoption of new technologies and CPD Output 2.1. Public institutions and private sector have strengthened regulatory, institutional, and human capacity for realization of diversification, digitalization, and trade promotion with focus on creation of employment opportunities, including for women and vulnerable groups.

The project is contributing to following SDGs:

**Goal 8.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

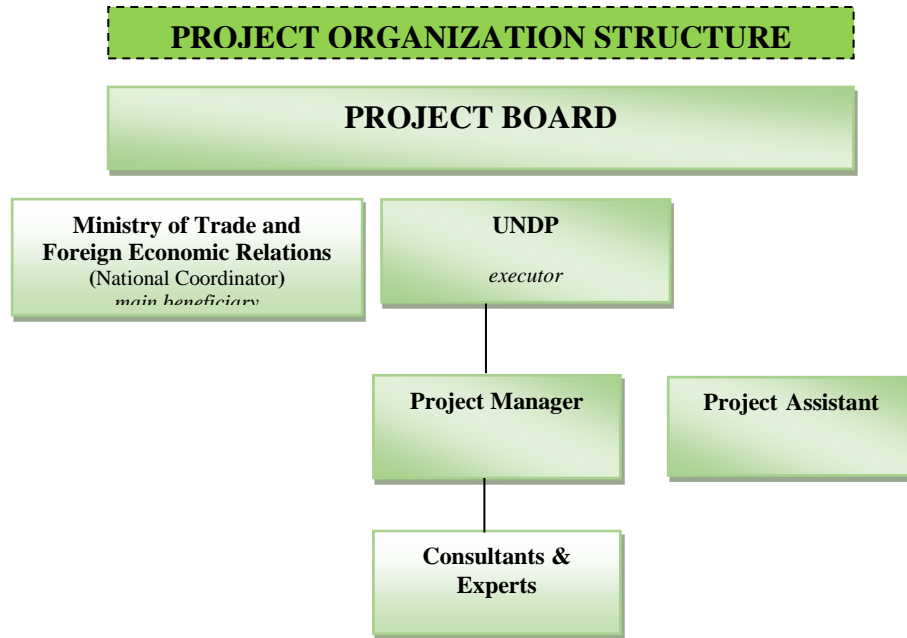
**Goal 9.** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

**Goal 10.** Reduced inequalities within and among countries.

**Goal 17.** Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Governance and management arrangements:

The project is implemented under NIM modality with the support from the UNDP country office in accordance with UNPD’s policies and procedures. The Ministry of Trade and Foreign Economic Relations of Turkmenistan is the main implementing partner and responsible for the successful implementation of the project activities, the sustainability of the results achieved, and report on the project results to other government agencies of Turkmenistan. The MinTrade appoints a senior official as a National Project Coordinator (NPC), who is responsible for project implementation on behalf of the Implementing partner. A Project Board (PB) provides management oversight, while a Project Steering Board (PSB) focuses on strategic direction. A Project Manager leads day-to-day operations. UNDP ensures the project aligns with development goals (see below project organization structure).



**III. Progress Review: Key Activities and Results, <specify reporting period>**

This section should focus on results backed by evidence of achievements. Where possible, include photographs, graphs, and/or charts to demonstrate the project implementation, beneficiaries, etc. Give an overall and clear sense of the ‘before-and-after’ of the project intervention.

**Section 1: Analysis of Theory of Change**

The Theory of Change of the project remains valid. The project was designed based on the strategic priorities of the Government to enhance the trade capacity of the country through digitalization. The project corresponded to the UNSDCF and its Theory of Change, particularly to one out of three strategic priorities – Inclusive, green and sustainable growth. The project component “Institutional capacity of the Ministry of Trade and Foreign Economic Relations of Turkmenistan has been strengthened through digitalization processes” will contribute to the sustainable economic growth by enhancing trade through digitalization process. The project was also in line with the goals and objectives outlined in the long-term National Program of Socio-Economic Development of Turkmenistan for 2022-2052. The project contributes to the implementation of the outcomes of the Sustainable Development Cooperation Framework between Turkmenistan and the United Nations for 2021-2025, and the Country Programme of Cooperation between Turkmenistan and UNDP for 2021-2025. The project contributes to the achievement of the 2030 Global Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), nationalized by Turkmenistan in September 2016.

At the operational level, UNDP effectively identified and addressed changes in external environment that allowed the project team to achieve all its objectives.

## Section 2: Overall progress against outcomes

The project produced all expected outputs

Project Output 1: Institutional capacity of the Ministry has been strengthened through digitalization processes.

During the reporting period the output targets were achieved. The project output aimed to strengthen the institutional capacity of the ministry through digitalization processes. The one main activities and achievements of the project was:

- A two-day training program on "Development of Trade in a Competitive Environment and the Role of Digitalization as a Tool for Simplifying Trade Formalities" was held in Ashgabat from May 23 to 24. The program aimed to enhance the skills of employees from the Ministry of Trade and Foreign Economic Relations of Turkmenistan (MTFER) in navigating the evolving landscape of international trade, particularly with regards to digitalization.

Turkmenistan's accession to the Framework Agreement on Facilitation of Cross-Border Paperless Trade in the Asia-Pacific Region (Framework Agreement) on May 4, 2022, has heightened interest in the practical aspects of implementing paperless trade mechanisms.

The training attracted 15 participants from various government bodies (the Ministry of Trade and Foreign Economic Relations, the Ministry of Finance and Economy, the State Customs Services of Turkmenistan, etc.) involved in international trade activities, including trade agreements, trade and economic cooperation with partner countries, WTO accession, customs control, and trade procedure automation.

Questionnaires administered before and after the event gauged its effectiveness. The results indicated significant improvements in understanding:

- Principles of the Framework Agreement and their practical implementation (increased by 45%).

- Benefits of paperless trade (an additional 32% of participants).

- International legal mechanisms for digitalization and trade facilitation (by 57%).

- Adequacy of international legal regulation (decreased by 38%, indicating a deeper understanding of the challenges).

- Functioning of the Single Window system (by 51%).

- Digital risks (by 44%).

Importantly, the need for state control over digitalization remained high. Additionally, 41% of participants emphasized the importance of regional cooperation in developing paperless trade tools, and 38% acknowledged the necessity of digital transformation.

The high level of participant interest was evident in the number and nature of questions asked. Most questions focused on practical issues like specific mechanisms for digital trade, data protection, and government control over cross-border paperless trade procedures.

The range of topics covered included:

Specific mechanisms for digital trade.

Government control over digital trade and cybersecurity.

WTO accession, including obligations for member states and the experiences of other countries.

Prospects for a WTO agreement on electronic trade.

Government regulation measures related to the climate agenda, gender equality, market access, and digital security.

The depth and breadth of the questions suggest that participants are keenly aware of the challenges and opportunities presented by digitalization in international trade.

The training identified specific issues that require further examination and development for Turkmenistan to leverage digitalization and strengthen its trade potential:

**Global Trade Agenda:** The current global trade agenda, heavily influenced by Western economies, may not always align with Turkmenistan's interests. While alternative approaches haven't emerged, relying solely on the existing agenda can be limiting.

**Framework Agreement and National Legislation:** While the Framework Agreement provides a general framework for paperless trade, detailed national legislation is necessary to address issues like technological neutrality, legal recognition of electronic transactions, electronic signatures, data protection, and cybersecurity.

Several critical issues require comprehensive consideration for successful paperless trade implementation and development of the "Single Window" system:

**Paperless Trading:**

A legal framework for electronic transactions and data exchange.

Data protection and security measures.

Regulations and recognition of electronic signatures.

Data retention requirements.

Dispute resolution mechanisms.

**Single Window System:**

A clear project definition, outlining goals and an implementation plan.

Defined roles and responsibilities for stakeholders.

A project management structure and budget.

Risk assessment and mitigation strategies.

Public-private partnership considerations.

Training and educational activities.

**Risks and Strategic Development Priorities**

There's a significant risk that approaches favoring developed countries, particularly those championed by digital monopolies, will become dominant in international practice. These approaches often advocate for:

Unrestricted cross-border data transfer.

Prohibition of data localization requirements.

Limited government oversight of electronic commerce.

These approaches could undermine state control and weaken consumer protection. Turkmenistan needs to actively work on developing alternative international standards that align with its national interests.

To navigate the complexities of digitalized trade and ensure Turkmenistan's continued competitiveness, Ministry should consider implementing the following recommendations:

**National Trade Facilitation Roadmap:** Develop a comprehensive document outlining trade facilitation goals, planned activities, and expected results. This roadmap will guide stakeholders and ensure project success.

**Proactive Action Strategy on International Standards:** Ministry should actively participate in negotiations on electronic trade and propose new standards that prioritize Turkmenistan's interests. Analyze international initiatives to identify potential risks and develop a national action plan to counter them.



National Women's Economic Empowerment Program: While gender equality is crucial, its use as a protectionist tool in trade negotiations can be detrimental. Develop a program to empower women in trade while safeguarding national interests.

By implementing these recommendations, the Ministry can effectively position Turkmenistan to leverage the opportunities presented by digitalization in the global trade landscape.

[UNDP strengthens national trade capacity of Turkmenistan through digitalization in trade - News Central Asia \(nCa\)](#)

[В Ашхабаде проведен тренинг по укреплению торгового потенциала Туркменистана | Экономика \(turkmenportal.com\)](#)

[В Ашхабаде прошел тренинг по цифровизации и упрощению торговых процедур | Arzuw NEWS - новости Туркменистана](#)

[В Ашхабаде прошел семинар по цифровизации торговых \(turkmenistaninfo.gov.tm\)](#)

[ПРООН укрепляет национальный торговый потенциал посредством цифровизации торговли | SalamNews](#)

[UNDP strengthens national trade capacity through digitalization in trade | United Nations Development Programme](#)

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## 1.2 Assessment of Ministry's Hardware Resource Needs for Effective Digitalization and Distance Learning

During the previous reporting period UNDP concluded contract with DANOFFICE IT APS to purchase IT equipment for MinTrade. The total value of the procured goods amounted to approximately \$96,000.

**Installation and Implementation:** During the reporting period, all acquired IT equipment and software were successfully installed at the Ministry of Trade and Foreign Economic Relations of Turkmenistan. This installation is expected to enhance the effectiveness of digitalization and distance learning processes, thereby contributing to sustained capacity building for Ministry representatives.

**FileMaker Software Capabilities:** The FileMaker software, purchased within the framework of the project, will provide the Ministry staff with the following capabilities:

- Building databases to store, manage, and analyze various types of data, including customer information, inventory, project management, and financial records.
- Efficiently organizing, searching, and updating data to ensure accuracy and consistency.
- Automating repetitive tasks and processes to save time and reduce errors.
- Creating custom forms for data entry and retrieval tailored to specific user needs.
- Generating reports and visualizations to gain insights from data and make informed decisions.
- Connecting FileMaker with other applications and systems to expand functionality and data sharing.
- Managing customer information, sales pipelines, marketing campaigns, and customer support.
- Tracking inventory levels, managing product information, and optimizing stock levels.
- Planning, tracking, and managing projects, assigning tasks, and monitoring progress.
- Managing employee information, tracking time and attendance, and streamlining HR processes.
- Creating custom financial systems, tracking expenses, and managing budgets.
- Managing patient records, appointments, and medical data.

1.3. Due to budgetary constraints and the project's tight timeframe, facilitating a study visit to the USA for Ministry representatives was deemed not feasible. During the last Project Board Meeting it was decided to return the unspent funds.

Section 3: Monitoring and Evaluation of activities.

The project conducted regular monitoring and reporting on the project indicators set in the project RRF. The project's monitoring and Evaluation activities were implemented in line with the plan outlined in the project document. The Project Board met at least once per year. In general, the project results and overall progress achieved by implementation of the project activities were assessed positively by the national partner of the project.

Section 4: Progress against each output

Project Output 1: The institutional capacity of the Ministry has been strengthened through digitalization processes		
Output indicators	Targets	Progress against targets
1.1. Training on issues of sustainable development and trade for specialists of the Ministry was conducted	Baseline: No AWP target: yes	Reporting period: yes  Cumulative total: The two-day training on "Development of Trade in a Competitive Environment and the Role of Digitalization as a Tool for Simplifying Trade Formalities" was held in Ashgabat from May 23 to 24. The program aimed to enhance the skills of employees from the Ministry of Trade and Foreign Economic Relations of Turkmenistan (MTFER) in navigating the evolving landscape of international trade, particularly with regards to digitalization.  The training attracted 15 participants from various government agencies (the Ministry of Trade and Foreign Economic Relations, the Ministry of Finance and Economy, the State Customs Services of Turkmenistan, etc.) involved in international trade activities, including trade agreements, trade and economic cooperation with partner countries, WTO accession, customs control, and trade procedure automation.
1.2. Ministry's needs as for hardware resources for the effective digitalization process was assessed, including the necessity of distance learning actions to provide broader capacity building opportunities to the Ministry staff.	Baseline: No AWP target: yes	Reporting period: yes  The UNDP concluded the contract with DANOFFICE IT APS to purchase the IT equipment for MinTrade. The total value of the procured goods amounted to approximately \$96,000. The installation of purchased IT equipment and software was completed in July 2024.
1.3. A study visit to one of the countries with best practices in trade facilitation was organized	Baseline: No AWP target: yes	Reporting period: no  Cumulative total: In order to organize the study visit the concept note and agenda of the study visit to USA was developed and agreed with UNDP management as well as with national partner. But due to budgetary constraints and the project's tight timeframe, facilitating a study visit to the

		<p>USA for Ministry representatives was deemed not feasible. During the last Project Board Meeting it was decided to return the unspent funds.</p>
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**Key Activities:**

During the reporting period, the project successfully achieved its output targets aimed at strengthening the institutional capacity of the Ministry of Trade and Foreign Economic Relations of Turkmenistan (MinTrade) through digitalization processes. The main activities and their contributions to the output are detailed below:

- A Two-Day Training Program on Digitalization and Trade Facilitation on 23-24 May 2024.

The training focused on enhancing the skills of 15 representatives of MinTrade and other relevant government agencies in navigating international trade with an emphasis on digitalization.

During the training in order to access the effectiveness of the training, questionnaires administered before and after the event indicated significant improvements in understanding key concepts:

- Principles of the Framework Agreement (45% increase)
- Benefits of paperless trade (32% increase)
- International legal mechanisms for digitalization (57% increase)
- Functioning of the Single Window system (51% increase)
- Digital risks (44% increase)



The training directly contributed to the output 1. Of the project document by enhancing the institutional capacity of the ministry and other relevant agencies through improved knowledge and skills in digital trade facilitation.

- Assessment of Ministry’s Hardware Resource Needs:

The procurement of necessary hardware resources ensured that the ministry had the tools required to implement digitalization processes effectively.



**Achievements in the Reporting Period**

- The training program significantly improved participants’ understanding of digital trade facilitation, as evidenced by the questionnaire results. This improvement is crucial for the ministry’s ability to implement digitalization processes effectively.
- The installation of procured IT equipment, which would provide the necessary infrastructure to support digitalization efforts, further strengthening the ministry’s institutional capacity.

**Cumulative Results**

Institutional Capacity: The cumulative result of these activities is a strengthened institutional capacity within the ministry, enabling it to navigate and implement digital trade facilitation measures more effectively.

Digitalization Processes: The project's focus on digitalization has positioned the ministry to better handle international trade activities, aligning with Turkmenistan's accession to the Framework Agreement on Facilitation of Cross-Border Paperless Trade.

By linking these activities to the output achievements, it is evident that the project's efforts in training and resource procurement have directly contributed to the institutional capacity building of the ministry. The use of quantitative data (e.g., percentage increases in understanding) and qualitative feedback (e.g., participant questions and engagement) provides a solid evidence base for these achievements.

## Section 5: Cross-Cutting Integration

### Human and Social Context:

- **Leave No One Behind:** The project ensures inclusivity by providing training and resources to a diverse group of participants from various government bodies. This approach helps to build capacity across different sectors, ensuring that no group is left behind in the digitalization process.

- **Human Rights:** The project is not directly connected with human rights, but the project document states that "the project will apply a human rights-based approach, ensuring that no one is left behind, and that all people benefit from improved trade opportunities, especially women, youth, and vulnerable groups".

The project document also upholds the relevant international and national laws and standards related to trade and human rights. The National Programme of Turkmenistan on Socio-Economic Development for 2019-2025, which aims to "diversify the economy...and increase its export potential" (paragraph 2) and "create favorable conditions for the development of entrepreneurship and support small and medium-sized businesses" (paragraph 3).

- **Gender Equality and Women's Empowerment:** The project emphasizes gender equality by incorporating gender considerations into its activities. For instance, the training program included discussions on gender equality in trade negotiations, highlighting the importance of empowering women in trade. This focus helps to promote gender equality and women's empowerment within the ministry and beyond.

### Interactions between Social and Environmental Factors:

- **Sustainability and Resilience:** The project contributes to sustainability and resilience by promoting digitalization, which can lead to more efficient and sustainable trade practices. The training on digital trade facilitation helps participants understand how to implement sustainable practices in their work, thereby enhancing the resilience of the trade sector.

### Natural Environment:

- **Climate Change:** The project addresses climate change by incorporating discussions on government regulation measures related to the climate agenda. By educating participants on the importance of digitalization in reducing carbon footprints and promoting sustainable trade practices, the project contributes to climate change mitigation efforts.

By integrating these cross-cutting areas into its operations, the project not only strengthens the institutional capacity of the ministry but also promotes broader social, environmental, and economic benefits.

## IV. Partnerships and Sustainability

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### Partnerships

During the reporting period, the project established and strengthened several key partnerships at regional and national levels. These partnerships include collaborations with government agencies such as the Ministry of Trade and Foreign Economic Relations, the Ministry of Finance and Economy, the State Customs Services of Turkmenistan, and other agencies involved in WTO accession. Additionally, the UNDP partnered with the private sector, specifically DANOFFICE IT APS, for the procurement of IT equipment for MinTrade. It is noteworthy that during the installation of IT equipment, some issues related to the lack of additional items were raised. However, due to the effective partnership with Danoffice, these issues were resolved, and the installation process was successfully completed.

A notable partnership was established with the Russian Experts on Demand Program. This cooperation facilitated the engagement of a training expert whose fee was covered by the program, significantly contributing to the project’s capacity-building efforts.

These partnerships have significantly contributed to the project’s success. The training programs delivered have improved the skills and knowledge of government employees, directly contributing to the project’s output of strengthening institutional capacity.

For the organization of a study tour to the USA, negotiations with the US Embassy were conducted.

The implementing partner was actively engaged in various stages of the project to ensure its sustainability. Stakeholders were involved in the initial planning stages to identify key areas of focus and ensure that the project aligns with national priorities. Regular consultations and feedback mechanisms were established to involve stakeholders in the implementation process, ensuring that their inputs were considered.

## Sustainability

To ensure the sustainability and scaling up of project results, several transition arrangements were implemented. Digitalization practices were embedded within the ministry’s operations to ensure continuity beyond the project’s lifespan. Capacity-building training was conducted to equip government employees with the skills needed to sustain digitalization efforts. Commitments from national and international partners were secured to provide continued financial and technical support. Finally, project outcomes were presented during the last Project Board meeting to further integrate them into national policies and strategies, ensuring long-term impact and sustainability.

By implementing these transition arrangements, the project has laid a strong foundation for the continued success and sustainability of its results.

## V. Update on risks and mitigation measures

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Description	Type	Activities for treatment
<p>There was a risk of delays in the procurement of required ICT equipment, software, and services, or the procurement of ICT equipment and software that did not meet minimum technical requirements.</p>	<p>Organizational</p>	<p>The procurement process was carefully monitored by the project team through internal meetings related to the implementation of the project and regular meetings with the Operations Unit and UNDP management. The project had a procurement plan that was regularly updated to reflect changing circumstances. Where necessary, UNDP management interventions were made to expedite the process. Additionally, UNDP CO ensured that adequate staff from UNDP and government agencies were allocated in a timely manner. The CO had significant experience in successfully managing complex projects.</p>

<p>There was a risk that the resources for the implementation of activity 1.1 would be insufficient, as the Implementing Partner requested to first procure all necessary equipment (activity 1.2.) and then, if the budget was available, to implement activity 1.1.</p>	<p>Organizational</p>	<p>The procurement process was carefully monitored by the project team through internal meetings related to the implementation of the project and regular meetings with the Operations Unit and UNDP management. The project had a procurement plan that was regularly updated to reflect changing circumstances. Upon completion of the procurement procedures, it was decided during the Project Board meeting to replace activity 1.1 with another one.</p>
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## VI. Key Challenges, Lessons Learned and Recommendations

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### Challenges:

#### Initial Inconsistency and Unforeseen Needs

One of the main challenges that affected the project was the initial inconsistency and unforeseen needs that were not accounted for in the project design. This oversight resulted in inefficiencies and a misalignment between the project’s activities and its intended outcomes. To address this, the project team had to continuously adapt and realign activities to better meet the evolving needs of the Ministry.

Budgetary constraints posed another significant challenge, limiting the project’s ability to execute all planned activities. The tight timeframe further exacerbated these issues, making it difficult to coordinate and implement activities within the set deadlines. Despite these constraints, the project team worked diligently to prioritize and reallocate resources to ensure the most critical activities were funded.

Procurement and installation of the purchased equipment and software were also major hurdles. Ensuring that all procured ICT equipment, software, and services met the minimum technical requirements required close monitoring and timely interventions by the project team. The project team corresponded regularly with the bidder and implementing partner to ensure the successful completion of the installation process on time.

Integrating project outcomes into national policies and strategies to ensure long-term impact and sustainability required ongoing engagement with policymakers and alignment with national priorities. The project team presented the outcomes during the last Project Board meeting to further integrate them into national policies and strategies.

Despite these challenges, the project aimed to lay a strong foundation for the continued success and sustainability of its results. The efforts to adapt to changing needs, manage budgetary constraints, and address other issues during the project implementation were crucial in overcoming obstacles and achieving project goals.

### Lessons Learned:

#### Lessons Learned 1: Understanding Clear Needs and Goals of the Ministry

A deep understanding of the current and future needs of the ministry, as well as its overall objectives (including those related to joining the WTO), is crucial before developing a project. This includes understanding not only current needs but also potential future needs that may arise during the project. By ensuring a comprehensive understanding of these needs, projects can be better aligned with the ministry’s goals, leading to more effective and efficient outcomes.

**Lessons Learned 2: Joint Development and Clear Objectives**

Future projects should involve relevant Ministry staff from the very beginning, ensuring that project design directly corresponds to their goals and matches their understanding of the ministry’s goals and development prospects, including WTO accession. Joint development promotes a sense of involvement and increases the likelihood of successful implementation. Clearly defined objectives with an emphasis on measurable improvements are important for tracking progress and achieving desired outcomes.

**Lessons learned 3: Time Management and Flexibility**

Effective use of resources and clearly defined tasks for specific project outcomes can optimize project implementation time. Additionally, some level of flexibility is necessary to meet changing needs. By incorporating flexibility into project plans, teams can adapt to unforeseen challenges and ensure that project goals are met despite any changes in circumstances.

**VII. Financial Summary<sup>1</sup>**

The total Project budget for 2023-2024 is USD 164,486.00. Total expenditures until 31 July 2024 amounted to USD \$132,755.90.

The table below indicates the allocated budgets and expenditure

**Table 1: Overview of available resources for the project duration**

Donor	Expenditures in 2023	Expenditures in 2024	Contribution Received	Available Resources in 2023	Available Resources in 2024
Government of Turkmenistan	121,110.00	11,650.00	164,486.00	43,361.19	31,713.12
<b>Total</b>	<b>121,110.00</b>	<b>11,650.00</b>	<b>164,486.00</b>	<b>43,361.19</b>	<b>31,713.12</b>

**Table 2: Overview of allocation and utilization<sup>2</sup> per output**

Output	Government of Turkmenistan	
	Budget	Utilization
The institutional capacity of the Ministry is strengthened through digitalization processes.	43,361.19	26.87%
<b>Total for 2023-2024</b>	<b>164,486.00</b>	<b>80.7%</b>

Include the two disclaimers as shown in the below footnotes.

1 Disclaimer 1: Data contained in this financial report section is an extract of UNDP financial records. All financial provided above is provisional. Certified financial statements will be provided on <indicate date (30 June of the following year)>.

2 Disclaimer 2: Of the USD xxxxx presented above, USD xxxx corresponds to eligible expenses (as per IPSAS terminology), and USD xxxx corresponds to legal commitments in force between UNDP and third parties for the reporting period.

## VIII. Annexes

### Annex I: Progress Review: detailed matrix of activities and results

*EXAMPLE - Repeat the table for every output so that it will be easier to manage and much clearer for presentation.*

Output 1	Indicators	Baseline	Annual target	Progress / Milestone
Institutional capacity of the Ministry has been strengthened through digitalization processes  Budget: 164,486.00  Expenditure to date: 132,755.90	1.1 Training on issues of sustainable development and trade for specialists of the Ministry was conducted.	No	Yes	Yes
	1.2 Ministry's needs as for hardware resources for the effective digitalization process was assessed, including the necessity of distance learning actions to provide broader capacity building opportunities to the Ministry staff.	No	Yes	Yes
	1.3. A study visit to one of the countries with best practices in trade facilitation was organized	No	Yes	No
Activities	Results			
Activity 1. Conducting trainings on issues of sustainable development and trade for specialists of the Ministry	The two-day training on "Development of Trade in a Competitive Environment and the Role of Digitalization as a Tool for Simplifying Trade Formalities" was held in Ashgabat from May 23 to 24. The program aimed to enhance the skills of employees from the Ministry of Trade and Foreign Economic Relations of Turkmenistan (MTFER) in navigating the evolving landscape of international trade, particularly with regards to digitalization.  The training attracted 15 participants from various government agencies (the Ministry of Trade and Foreign Economic Relations, the Ministry of Finance			



	<p>and Economy, the State Customs Services of Turkmenistan, etc.) involved in international trade activities, including trade agreements, trade and economic cooperation with partner countries, WTO accession, customs control, and trade procedure automation.</p>
<p>Activity 2. An assessment of the Ministry’s needs as for hardware resources for the effective digitalization process, including the necessity of distance learning actions to provide broader capacity building opportunities to the Ministry staff and organizing procurement</p>	<p>The installation of purchased IT equipment and software was completed in July 2024.</p>
<p>Activity 3. Organization of a study visit to one of the countries with best practices in trade facilitation</p>	<p>In order to organize the study visit the concept note and agenda of the study visit to USA was developed and agreed with UNDP management as well as with national partner. But due to budgetary constraints and the project's tight timeframe, facilitating a study visit to the USA for Ministry representatives was deemed not feasible. During the last Project Board Meeting it was decided to return the unspent funds.</p>

**Annex II: Updated Risk Log***(Refer to project risk log and include it here to show any updates and mitigation measures)*

#	Description	Date Identified	Type	Impact & Probability	Counter-measures / Mngt response	Owner	Last Update	Status
1	There was a risk of delays in the procurement of required ICT equipment, software, and services, or the procurement of ICT equipment and software that did not meet minimum technical requirements.	9 May 2023	<b>Organizational</b>	It will impact in achievement of the objectives specified in this Project P = low 2  I = 2 minor	The procurement process was carefully monitored by the project team through internal meetings related to the implementation of the project and regular meetings with the Operations Unit and UNDP management. The project had a procurement plan that was regularly updated to reflect	Gulalek Berdiyeva	30 September 2023	Completed

					<p>changing circumstances. Where necessary, UNDP management interventions were made to expedite the process. Additionally, UNDP CO ensured that adequate staff from UNDP and government agencies were allocated in a timely manner. The CO had significant experience in successfully managing complex projects.</p>			
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2	<p>There was a risk that the resources for the implementation of activity 1.1 would be insufficient, as the Implementing Partner requested to first procure all necessary equipment (activity 1.2.) and then, if the budget was available, to implement activity 1.1.</p>	9 May 2023	<b>Organizational</b>	<p>It will impact in achievement of the objectives specified in this Project                      P = low 2                      I = 2 minor</p>	<p>The procurement process will be carefully monitored by the project team through the conducting of internal meetings related to the implementation of the project and regular meetings with Operation Unit and UNDP management, The project will have procurement plan which will be regularly updated upon changing circumstances. Upon completion of the procurement procedures, it was</p>	Gulalek Berdiyeva	30 September 2023	Completed
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					decided to replace the activity 1.1 by the other one during the Project Board meeting.			
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### Annex III: Assets List.

### Annex IV: Knowledge Generation

The project “Strengthening the Trade Capacity of Turkmenistan, Phase II” is generating knowledge and actively incorporating these insights into project implementation through several key activities:

**1. Training Programs:** The project conducted a two-day training program on “Development of Trade in a Competitive Environment and the Role of Digitalization as a Tool for Simplifying Trade Formalities.” This training enhanced the skills of employees from the Ministry of Trade and Foreign Economic Relations of Turkmenistan (MTFER) in navigating international trade, particularly with regards to digitalization.

**2. Assessment of Hardware Needs:** The project assessed the Ministry’s hardware resource needs for effective digitalization and distance learning. This assessment led to the procurement and installation of necessary IT equipment and software, enhancing the Ministry’s capacity for digitalization.

**3. Monitoring and Evaluation:** Regular monitoring and evaluation activities were conducted to assess the effectiveness of the project activities and incorporate feedback into the implementation process

The training program addressed the practical aspects of implementing paperless trade mechanisms, aligning with Turkmenistan's recent accession to the Framework Agreement. 15 participants from various government bodies (Ministry of Finance, State Customs, etc.) enhanced their understanding of key areas like the Framework Agreement, digital trade benefits, and the Single Window system.

The training identified the need for further development in areas like:

**Global Trade Agenda:** Mitigate limitations of the current Western-influenced agenda by exploring alternative approaches.

**National Legislation:** Develop detailed national legislation to address issues like data protection and electronic transactions.

**Successful implementation of paperless trade and the Single Window system requires comprehensive consideration of:**

Legal Framework: Establish a robust legal framework for electronic transactions, data protection, and dispute resolution.

Project Management: Define clear goals, roles, budget, and risk mitigation strategies for the Single Window system.

**Ministry should proactively address potential risks by:**

National Trade Facilitation Roadmap: Develop a comprehensive roadmap outlining trade facilitation goals, activities, and expected results.

International Standards Strategy: Actively participate in negotiations and propose standards that prioritize Turkmenistan's interests. Analyze international initiatives to identify and counter potential risks.