Support to strengthening institutional and regulatory environment for financial markets development

Annual Project Progress Report

Ministry of Finance and Economy of Turkmenistan

Implementing Agency:	United Nations Development Programme (UNDP) Turkmenistan
Project ID:	01002130
Gender Marker:	2
Digitalization Marker:	
Project Title:	Support to strengthening institutional and regulatory environment for financial markets development
Project Duration:	01 January 2024 – 31 December 2026
Country / Region:	Turkmenistan / RBEC
Funding Partner/s:	Government of Turkmenistan, UNDP Turkmenistan
Responsible Parties:	Government of Turkmenistan, UNDP Turkmenistan
Reporting Period:	01 January 2025 – 31 December 2025
Project Manager:	Ruben Agadzhanov, ruben.agadzhanov@undp.org

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Acronyms

ASE	Ashgabat Stock Exchange
MFET	Ministry of Finance and Economy of Turkmenistan
UNDP-TKM	United Nations Development Programme in Turkmenistan

I. Executive Summary

Within the framework of cooperation between the United Nations Development Programme (UNDP) and the Ministry of Finance and Economy of Turkmenistan to implement the 2030 Agenda for Sustainable Development and achieve the Sustainable Development Goals, a joint project titled "Support in Strengthening the Institutional and Regulatory Framework for Financial Market Development" was signed on February 24, 2024.

The UNDP's support to strengthening institutional and regulatory environment for financial markets development consists of the following components:

- Component 1: Analysis of the securities market in Turkmenistan for compliance with international standards.
- Component 2: Improvement of the organized securities market with equal participation of women and men in Turkmenistan.
- Component 3: Systematization of the securities market through the introduction of digital solutions.

Due to a prolonged delay in the project's start, the activities planned for 2024 were rescheduled to 2025 and the AWP 2025 was adjusted by a decision of the Project Board on February 12, 2025. Additionally, the AWP 2025 has been further adjusted as part of the ProDoc revision signed on December 8, 2025.

In the current year, all planned activities have been completed. A comparative analysis of the institutional and regulatory components of the securities market has been carried out for the MFET in accordance with international standards and best practices from other countries. A draft of the medium-term State Programme for Securities Market Development has also been prepared, along with measures for its implementation. Additionally, eleven legal acts have been drafted to improve the legislation, strengthen the regulatory capacity of the MFET, and establish a depository. Various thematic seminars, webinars, and study tour have also been held to develop the professional skills of specialists from the Ministry of Finance and Economy of Turkmenistan and the ASE.

Utilization update

Total project budget	- 236,484 USD
Total approved in 2025	- 138,206 USD
Cumulative Utilization (as of 2025)	- 111,432 USD (80,63 %) (as of 11/25/2025)

Key Recommendation

To enhance collaboration with national partners to ensure successful execution of planned activities, effective implementation of developed recommendations, and to sustain the progress towards the project goals.

II. Introduction / Background

In accordance with national strategic programs for the development of the financial and economic sector focusing on women`s economic empowerment, the Government of Turkmenistan intends to give priority attention to the development of securities markets, improvement of market mechanisms, strengthening financial infrastructure, implementing investment instruments, increasing the potential of market participants with equal participation of women and men, studying international best practices, introducing innovative technologies, and further building human and institutional capacity, as well as financing the Sustainable Development Goals (SDGs).

The goal of this UN Development Program project is to enhance the capacity of the MFET as the responsible body for coordination of activities on SDGs implementation and as a regulatory body for securities market development in Turkmenistan. In this regard, the project goals to strengthen the institutional and regulatory capacity of the MFET to develop the securities market.

The Project contributes to:

- Outcome 2 of the UNSDCF 2021-2025: by 2025, conditions for sustainable and inclusive economic diversification will be improved through the development of competitive private and financial sectors, trade facilitation, investment promotion, and the introduction of new technologies.
- UNDP Output 2.3: Innovative financial and banking instruments are implemented to support green economy and SDG financing, including for SMEs.
- Gender indicator: 2.

The project is managed by a Project Manager, who works in an office in the MFET building in Ashgabat, and supervised by a Programme Analyst.

The Project is implemented in direct execution mode with the support of the UNDP Country Office in accordance with UNDP rules and procedures. UNDP-TKM office provides administrative services, controls and manages the overall project budget and is responsible for monitoring project implementation and timely reporting to the donor. In addition, UNDP -TKM supports coordination and networking with other existing initiatives and Organizations in the country.

The National partner is the MFET. Close coordination with the ASE is underway to achieve the project's goal.

III. Progress Review: Key Activities and Results in 2025

Section 1: Analysis of Theory of Change

The assumptions underlying the Theory of Change for the project have continued to hold true throughout its implementation.

Initially, the work was planned to include: (1.1) studying the global architecture and international standards in the regulation of securities markets, examining the issue of the national regulator's membership in IOSCO and other international securities market organizations, (1.2) identifying gaps in the country's institutional structure and legislation, developing recommendations for improving regulatory legislation and enhancing the internal capacity of the regulator, (1.3) developing a draft State Program for the Development of the Securities Market, as well as proposals for improving the legislation and institutional structure of the securities market. In addition, training activities were expected at each stage, which were anticipated to significantly expand the theoretical knowledge and practical skills of national specialists.

The project identified significant shortcomings in the legal framework, regulation, and infrastructure of the securities market, which has not actually become a real mechanism for attracting investment. The market shows a clear lack of supply and demand for liquid securities due to weak motivation of issuers and investors, which negatively affects the development of the financial market in general. The securities/ issues registration procedure is archaic and contains many drawbacks too. In addition, there is no depository system for recording rights to securities and transactions with them, which is a systemic problem.

Consequently, taking into account the adjustment of the work plan, proposals from the national partner, and the identified gaps in legislation and institutional structure, the project substantially expanded activities aimed at preparing draft legal acts of various levels concerning all the most pressing aspects of securities market formation (2.2, 3.1), including the creation of a central depository and its documentation support. All drafts were transferred to the National Partner for subsequent targeted work.

The project's implementation in 2025 resulted in the National Partner obtaining the requisite program and key legal instruments, thereby allowing it to initiate systematic efforts toward the development of the securities market.

Various comprehensive training activities were also conducted across all project components, which allowed for a significant increase in the professional competencies of national specialists, including by considering the experience of other countries.

Section 2: Overall progress against outcomes

Overall, the project has made significant progress towards its stated goals. Key achievements include the successful implementation of various activities that contribute to supporting the strengthening of the institutional and regulatory environment for financial market development.

These key achievements include:

1. Analyses of the compliance of the country's institutional structure and legislation in the securities market field with IOSCO and other international standards and the best international practices, including recommendations for its implementation
    - Key Achievement: Analytical report was prepared and submitted to the Ministry of Finance and Economy of Turkmenistan,
    - Impact: The report allowed the National Partner to objectively assess the level of development of legislation and infrastructure in the securities market of the country, as well as identify key priorities for short- and medium-term efforts required to achieve SDG targets and indicators.

2. The Programme of Securities Market Development in Turkmenistan until 2030
    - Key Achievement: The Programme was prepared which consists of 24 sections that provide a comprehensive understanding of the securities market as an essential component of the market economy and the country's investment policy. The Programme offers an interconnected action plan (135 points) for its implementation, starting with measures to assist issuers and investors and up to the preparation of a similar program for the next period
    - Impact: The program describes the problems, explains the necessity and establishes the sequence of actions that are proposed to the National Partner for their practical implementation.

3. Improvement of the organized securities market in Turkmenistan, development of legislation, regulatory instruments and infrastructure.
    - Key Achievement: Draft the legal acts were prepared, including:
        - The Law of Turkmenistan "On making an addition and amendments to the Law of Turkmenistan "On the Securities Market",
        - The Law of Turkmenistan "On amendments and additions to certain legislative acts of Turkmenistan",
        - The "Regulation on the Unified Central Depository of Turkmenistan", including the Decree of the President of Turkmenistan on its approval,
        - The Decree of the President of Turkmenistan "On certain measures for the development of the securities market",
        - The Order of the Minister of Finance and Economy of Turkmenistan "On certain measures to update the state registration of legal entities and securities",
        - The "Rules for the issuance and circulation of bonds", including the Order of the Minister of Finance and Economy of Turkmenistan on its approval,
        - The "Procedure for assigning international codes to financial instruments of Turkmenistan's issuers", including the Order of the Minister of Finance and Economy of Turkmenistan on its approval,
        - The Sample forms of the Issuance Resolution, Issuance Prospectus, and Report on the results of the issuance, including the Order of the Minister of Finance and Economy of Turkmenistan on their approval;

  - The Order of the Minister of Finance and Economy of Turkmenistan "On making amendments to the Order of the Minister of Finance and Economy of Turkmenistan No. 118-Ö dated March 15, 2019",
  - The "Regulations of the Unified Central Depository of Turkmenistan", including the Order of the Minister of Finance and Economy of Turkmenistan on its approval,
  - The Sample agreements and standard forms of documents ensuring the activities of the Unified Central Depository of Turkmenistan, including the Order of the Minister of Finance and Economy of Turkmenistan on their approval.
- Impact: The developed draft acts allow the National Partner to initiate measures to systematically improve the legal basis of the securities market, strengthen regulatory and supervisory mechanisms, and create a securities market accounting system.

4. Development of professional competencies.
   - Key Achievement: Three (3-day) thematic training seminars and one webinar for 25 specialists of the MFET and the ASE on various aspects of the securities market were conducted:
     - The essence of the securities market and its place in the market economy,
     - International standards and best practices in the global securities market regulatory architecture,
     - Strategic and institutional components of the securities market in Turkmenistan and their compliance with best practices and international standards of securities market regulation,
     - The role of professional participants in developing the country's securities market and strengthening its investment attractiveness,
     - The best practices of corporatization of state-owned enterprises for the formation of an effective securities market,
     - Institutional and legal components of the securities market in Turkmenistan and their compliance with best practices and international standards of securities market regulation,
     - Financial instruments. Types of securities,
     - Infrastructure and professional participants of the securities market. The accounting system of the securities market: Depositories. Registrars,
     - Presentation of the Draft State Program for the Development of the Securities Market of Turkmenistan for 2025–2030,
     - On improving the Law of Turkmenistan "On the Securities Market",
     - The Rules of the Central Depository,
     - Depository agreements, primary documents of depository accounting, depository chart of accounts.

     Besides, the Study tour to Armenia for the 4 specialists of the MFET and the ASE was conducted.
   - Impact: The professional competencies of the specialists of the MFET and the ASE were significantly enhanced. The acquired knowledge will help specialists of the MFET and the ASE to implement the provisions of the Program and the legal act formed by the draft as effectively as possible

Section 3: Monitoring and Evaluation of activities.

N/A

Section 4: Progress against each output

Output 1: The securities market in Turkmenistan has been analyzed for compliance with international standards		
Output indicators	**Targets**	**Progress against targets**
1.1. Number of specialists trained in international standards and best practices on global architecture in securities market regulation	Baseline: 0 Results framework target: 20	Reporting period: 25 Total: An analysis of the regulatory and institutional components of the securities market in Turkmenistan for compliance with IOSCO standards and recommendations were conducted. 3-day thematic training seminar was conducted on topics "The essence of the securities market and its place in the market economy" and "International standards and best practices in the field of global securities market regulation architecture". As a result, the professional competencies of 25 specialists from the Ministry of Finance and Economy of Turkmenistan and the Ashgabat Stock Exchange were significantly enhanced.
1.2. Analysis of the country's institutional structure and legislation for compliance with international standards in the area of securities market regulation conducted and recommendations to improve the financial infrastructure were developed	Baseline: No Results framework target: Yes	Reporting period: Yes Total: An analysis of the institutional structure and legislation of Turkmenistan has been prepared for compliance with international standards and best practices of other countries in the field of development and regulation of the securities market. 3-day thematic training seminar was conducted on topics "The role of professional participants in developing the country's securities market and strengthening its investment attractiveness" and "The best practices of corporatization of state-owned enterprises for the formation of an effective securities market". As a result, (a) key problems in the securities market were identified, allowing us to adjust the activities with the national partner to ensure their effectiveness and focus on practical output; (b) the professional competencies of 22 specialists from the Ministry of Finance and Economy of Turkmenistan and the Ashgabat Stock Exchange were significantly enhanced
1.3. Draft the Securities Market Development Program for Turkmenistan has been prepared, in addition to proposals concerning the establishment of a central depository and the enhancement of national securities market legislation	Baseline: No Results framework target: Yes	Reporting period: Yes Total: Developed proposals for amendments to legal acts regulating the securities market. The middle term State Programme for the Development of the Securities Market in Turkmenistan, as well as amendments into six laws, two regulatory legal acts of President of Turkmenistan and regulatory legal act of Minister of FET were drafted. 3-day thematic training seminar was conducted on brokerage, depository and other types of professional

		activity in the security market, including the best practices of legal and institutional regulation in its fields. As a result, (a) an integrated mechanism for the phased development of the securities market was proposed as an integral part of the national economic policy and its investment component; (b) specific proposals were developed for the development of the legislation, institutional, and regulatory framework of the securities market (including the conceptual approaches and legal framework for the creation and operation of the Unified Central Depository of Turkmenistan were defined); (c) the professional competencies of 24 specialists from the Ministry of Finance and Economy of Turkmenistan and the Ashgabat Stock Exchange were significantly enhanced.
Output 2: Assistance provided to improve the organized securities market with equal participation of women and men in Turkmenistan		
2.1. Number of staff members, trained in securities market regulation and management	Baseline: 0 Results framework target: 4	Reporting period: 4 Total: Study tour to Armenia for the specialists of the MFET and the ASE was organized from September 15 to 21, 2025. As a result, the professional competencies specialists from the Ministry of Finance and Economy of Turkmenistan and the Ashgabat Stock Exchange in the regulation and state supervision of the securities market, as well as the organization and execution of depository activities, were significantly enhanced.
2.2. The rules for bond issuance, the procedure for assigning international codes, the forms of issuance documents and other regulatory acts regulating the securities market have been developed; seminars were held, articles were prepared	Baseline: No Results framework target: Yes	Reporting period: Yes Total: Drafts of 4 legal and regulatory documents were developed: "Rules for the Issue and Circulation of Bonds", "Procedure for Assigning International Codes to Financial Instruments of Issuers of Turkmenistan", "Templates of Emission Document Forms (Issue Prospectus, Decision, and Report on the Results of the Issue)" and Order of the Minister of Finance and Economy of Turkmenistan "On Amendments to Order No. 118-Ö dated March 15, 2019. As a result, the drafted legal acts allow for the formation of improved regulatory mechanisms for several aspects of the securities market functioning, which are of significant practical importance, including in the context of FDI attraction.
Output 3: Support provided for the systematization of the securities market through the implementation of digital solutions		
3.1. A model was piloted for the creation of a central depository, which involved developing draft depository regulations, sample depository agreements, and other depository accounting	Baseline: No Results framework target: Yes	Reporting period: Yes Total: Drafted the Law "On Amendments and Additions to the Law of Turkmenistan "On the Securities Market", "The Regulations of the Unified Central Depository of Turkmenistan" and "The Standard Forms of Documents for Ensuring the Activities of the Unified Central Depository of Turkmenistan".

documentation to systematize securities transactions		Additionally, thematic training webinar was conducted on abovementioned topics. As a result, (a) an essentially comprehensive revision of most provisions of the Law 'On the Securities Market' was proposed, including consideration of development trends of similar legal instruments in other countries, as well as the national interests of Turkmenistan; (b) all necessary documents for the launch of the depository's operations were prepared; (c) the professional competencies of 20 specialists from the Ministry of Finance and Economy of Turkmenistan and the Ashgabat Stock Exchange were significantly enhanced.
Regulations governing clearing, brokerage, and dealer activities as well as trust management activities in the securities market have been developed	Baseline: Yes Results framework target: Yes	Reporting period: Yes Total: It is expected to complete four legal documents by the end of 2025. These documents were additionally assigned by the MFET on December 08, 2025 as part of the AWP2025 of the ProDoc revision. As a result, guarantees are provided and the interests of investors and issuers are protected, and transparent and unified rules are established for all participants in the securities market

Key Activities:

Key Activities for Output 1: The securities market in Turkmenistan has been analyzed for compliance with international standards

Key activities within Activity 1.1. Study the global architecture and conduct training seminars on international standards and the best practices in securities market regulation

- Analytical work was conducted on securities market in Turkmenistan for compliance with international standards,
- Implemented measures to enhance the professional skills of specialists

Key activities within Activity 1.2. Analyzed the country's institutional structure and legislation for compliance with international standards for securities market regulation, holding a roundtable to advise on the analysis, and developing recommendations for improving the financial infrastructure and making a presentation on the results of the analysis

- Conducted a comparative analysis of the legislative and institutional structures of the securities markets in Turkmenistan and other countries, preparing proposals,
- Implemented measures to enhance the professional skills of specialists.

Key activities within Activity 1.3. Development of proposals on improvement of legislation and institutional environment of the securities market, as well as preparation of the draft Programme of Securities Market Development in Turkmenistan

- Developed a systematic approach (state programme) to the securities market strengthening,
- Implemented measures to enhance the professional skills of specialists

Key Activities for Output 2: Assistance provided to improve the organized securities market with equal participation of women and men in Turkmenistan

Key activities within Activity 2.1. Organization of practical trainings to study the best practices of countries in securities market regulation and management

- Implemented measures to enhance the professional skills of specialists on the basis of experience of other countries

Key activities within Activity 2.2. Conduction of preparatory work to improve the institutional infrastructure of the securities market with equal participation of women and men, including on the basis of the Central securities depository and clearing centre, as well as develop recommendations on the preparation of drafts of relevant by-laws

- Developed recommendations to improve the infrastructure, the system of regulation and supervision of the securities market

Key Activities for Output 3: Support provided for the systematization of the securities market through the implementation of digital solutions

Key activities within Activity 3.1. Piloting a model of securities market functioning with the establishment of a Central securities depository and clearing centre to systematize securities transactions

- Developed legal acts and recommendations on the formation of a securities market accounting system, creation and operation of a depository,
- Implemented measures to enhance the professional skills of specialists

Key Results for Output 1: Conducted analytical work on securities market in Turkmenistan for compliance with international standards and the best practice, as well as on improving the professional competencies of specialists

Key Results within Activity 1.1.

- 3-day thematic training seminar was conducted on topics "The essence of the securities market and its place in the market economy" and "International standards and best practices in the field of global securities market regulation architecture"

Website links to activities:

https://www.undp.org/turkmenistan/press-releases/turkmenistan-and-undp-collaborate-financing-tools-achieve-sdgs

https://turkmenistan.gov.tm/en/post/91487/turkmenistan-aims-develop-its-securities-market

UNDP and Turkmenistan Join Forces to Develop the Country's Securities Market - News Central Asia (nCa)

UNDP and Turkmenistan Join Forces to Develop the Country's Securities Market | United Nations Development Programme

Key Results within Activity 1.2.

- An analysis of the institutional structure and legislation of Turkmenistan has been prepared for compliance with international standards and best practices of other countries in the field of development and regulation of the securities market. Analytical report was prepared and transferred to the MFET
- 3-day thematic training seminar was conducted on topics "The role of professional participants in developing the country's securities market and strengthening its investment attractiveness" and "The best practices of corporatization of state-owned enterprises for the formation of an effective securities market"

Website links to activities:

https://www.undp.org/ru/turkmenistan/press-releases/proon-i-turkmenistan-prodolzhayut-razvitie-rynka-cennykh-bumag
https://turkmenistan.gov.tm/ru/post/96698/turkmenistan-sovershenstvuet-rynok-cennyh-bumag
https://turkmenistaninfo.gov.tm/news/11131
https://orient.tm/ru/post/83204/proon-podderzhivaet-razvitie-rynka-cennyh-bumag-v-turkmenistane

Key Results within Activity 1.3.

- The middle term State Programme for the Development of the Securities Market in Turkmenistan, as well as amendments into six laws, two regulatory legal acts of President of Turkmenistan and regulatory legal act of Minister of FET were drafted.

- 3-day thematic training seminar was conducted on brokerage, depository and other types of professional activity in the security market, including the best practices of legal and institutional regulation in its fields

Website links to activities:
https://www.undp.org/turkmenistan/press-releases/turkmenistan-advances-efforts-improve-its-securities-market-undp-support
https://turkmenistan.gov.tm/ru/post/96698/turkmenistan-sovershenstvuet-rynok-cennyh-bumag
https://turkmenportal.com/blog/92590/proon-v-turkmenistane-provela-seminar-i-konsultacii-po-funkcionirovaniyu-rynka-cennyh-bumag
https://orient.tm/ru/post/87313/proon-turkmenistan-finansy-seminar-04-07

Key Results for Output 2: Assistance provided to improve the organized securities market with equal participation of women and men in Turkmenistan

Key Results within Activity 2.1.

- Study tour to Armenia for the specialists of the MFET and the ASE was organized from September 15 to 21, 2025.
- Project manager conducted the "Turkmenistan Knowledge Café" on the topic "Sharing Insights on Securities Market Development Gained from the Study Visit to Armenia" for the UNDP-TKM staff, 10/04/2025

Website links to activities:
https://www.undp.org/ru/turkmenistan/press-releases/proon-sodeystvuet-pravitelstvu-turkmenistana-v-obmene-opytom-po-razvitiyu-rynka-cennykh-bumag
https://youtube.com/shorts/0A9ahr2OO-w?si=A3xMpJsYOS2XMol9

Key Results within Activity 2.2.

- Drafts of 4 legal and regulatory documents were developed:
  "Rules for the Issue and Circulation of Bonds",
  "Procedure for Assigning International Codes to Financial Instruments of Issuers of Turkmenistan",
  "Templates of Emission Document Forms (Issue Prospectus, Decision, and Report on the Results of the Issue)",
  Order of the Minister of Finance and Economy of Turkmenistan "On Amendments to Order No. 118-Ö dated March 15, 2019.

Key Results for Output 3: Support provided for the systematization of the securities market through the implementation of digital solutions

<u>Key Results within Activity 3.1.</u>

- Drafted:
  The Law "On Amendments and Additions to the Law of Turkmenistan "On the Securities Market",
  "The Regulations of the Unified Central Depository of Turkmenistan",
  "The Standard Forms of Documents for Ensuring the Activities of the Unified Central Depository of Turkmenistan",
- Thematic training webinar was conducted on abovementioned topics.
- Additionally, it expects to complete four legal acts on the regulation of 4 types (clearing, brokerage, dealer and trust management) of professional activity in the securities market by the end of 2025.

The activities contributed to the achievement of the final result 2 of the UNCDF program for 2021-2025

Section 5: Cross-Cutting Integration

The Project is contributing to the next Cross-Cutting Integration.
Human and Social Context:

- Leave No One Behind

- Human Rights
- Gender Equality and Women's Empowerment

The Project also contributes to the achievement of the Sustainable Development Goals and their targets, in particular: SDG 5. Gender Equality: 5.1, 5.2, 5.c; SDG 8. Economic Growth and decent work: 8.3, 8.5, 8.6, 8.8; SDG 10. Reducing Inequalities: 10.2, 10.3; SDG 16. Peace, justice and string institutions: 16.1, 16.3, 16.6, 16.7, 16.10, 16.b; SDG 17. Partnership for Sustainable Development: 17.18.

IV. Partnerships and Sustainability

Partnerships

The Project closely coordinates its activities with the MFET, along with the ASE and brokerage companies, as well as partially with the Union of Economists of Turkmenistan (NGO).
Such coordination makes it possible to analyze, evaluate and prepare proposals more effectively.

Sustainability

Throughout the project's implementation, measures were taken to ensure its sustainability, focusing on financial, infrastructure, and business continuity:

- Financial Sustainability: The allocation of the necessary resources has ensured that the project's outcomes are sustained over time. Adequate funding has been committed to maintain the results achieved and to support continued efforts.
- Sustainability/Preservation of Infrastructure and Resources: The development of reports, methodologies, recommendations, and training materials during the project has helped raise awareness among national partners on relevant topics. This, in turn, has strengthened the MFET's regulatory potential and capacity to coordinate with other agencies in monitoring and reporting on Sustainable Development Goals (SDGs). It ensures that the results and tools developed during the project will continue to be used after its completion.
- Business Continuity: The project's design has ensured that its key tasks and functions will continue to be implemented after the project ends. The capacity built within national institutions, along with the systems and frameworks developed, will ensure the sustainability of the project's objectives.

V. Update on risks and mitigation measures

- Risk Category: 2. Financial
  a) Risk Sub Category: 2.5. Delivery
     Event: National partner's obligations to ensure the timely and sufficient availability of resources for the project implementation.
     Causes: Problems with the state budget revenues and delays faced by the state entities to convert their contributions into USD for transferring to UNDP.
     Impacts: May affect delivery rate. Delay in proper implementation project activities and achievement of the project outputs.

Mitigation measures: Had close cooperation with national counterparts at least one month in advance in order to get the agreed the GOVT cost-sharing contribution as per such additional payment.
Current situation: Risk has been completed. The MFET has paid the last installment on 03/27/2025.

- Risk Category: 7. Strategic
  b) Risk Sub Category: 7.5. Government commitment
  Event: National partners' readiness to provide institutional and human resource, and their capacities to absorb and adopt the results of the project activities to improve legislation and institutional environment, and technological solutions.
  Causes: Weak ownership and low level of involvement of government authorities in the project implementation.
  Impacts: Insufficient implementation of the project recommendations into the legislation and institutional environment of the country's financial sector.
  Mitigation measures: Nomination and active participation of relevant specialists in project events such as roundtables and trainings to study the international standards, an analysis in the area of securities market regulation.
  Current situation: Risk is ongoing, low likelihood.
  c) Risk Sub Category: 7.5. Government commitment
  Event: Lack of effective involvement of national partners in the project implementation processes
  Causes: Weak ownership and low level of capacity of the government organization and ministries involved in the project implementation
  Impacts: Project activities may face delays or inefficiencies due to lack of coordination and support from key stakeholders.
  Mitigation measures: Throughout the project implementation, UNDP and the Ministry of Finance and Economy of Turkmenistan will keep close cooperation with key stakeholders and securities market participants: Central Bank of Turkmenistan, State Bank for Foreign Economic Affairs of Turkmenistan, Joint-Stock Commercial Bank of Turkmenistan "Turkmenbashi", State Commercial Bank of Turkmenistan "Turkmenistan", State Commercial Bank of Turkmenistan "Dayhanbank", Joint-Stock Commercial Bank of Turkmenistan "Halkbank", Joint-Stock Commercial Bank of Turkmenistan "Senagat", and Ashgabat Stock Exchange CJSC for ensuring institutional memory in terms of introducing new approaches to securities market regulation.
  Current situation: Risk is ongoing, low likelihood.
  d) Risk Sub Category: 7.6. Change/turnover in government
  Event: Migration of qualified specialists to related industries.
  Causes: Lack of support from government in for the implementation of project and involvement of qualified specialists in project activities
  Impacts: Risk to sustainability: Long-term development of the securities market may be undermined if talent consistently migrates elsewhere.
  Mitigation measures: Requested to nominate the qualified specialists from each government institution via NV to MFA with proposed LOP.
  Current situation: Risk is ongoing, low likelihood.

Three of the four risks and their status remain unchanged, as the MFET is directly interested in the results of the project, which, in particular, is specifically confirmed by the completion of project financing.

VI. Key Challenges, Lessons Learned and Recommendations

The key challenges were:

- the lack of a conceptual approach and a structure for regulating the securities market, weak legislation and undeveloped infrastructure in this field,
- certain difficulties in selecting the most qualified international consultant who knows the experience of the CIS countries,
- significant shortage of local specialists in the securities market/financial law in Turkmenistan.

The challenges did not have a direct negative impact on the project and were resolved through the implementation of planned activities.

Lessons Learned:
It would be expedient to create a national consultant position during the project design phase for all components requiring analytical or legal input. This would clearly and substantially improve the efficiency of the international consultants. Currently, the project relies instead on the internal expertise of its partners and project management

VII. Financial Summary (preliminary as of 11/25/2025)

Table 1: Overview of available resources for the project duration in 2025

Donor	*Opening Balance*	*Contribution Received*	*Available Resources*
Government of Turkmenistan	100,674	84,345	185,019
UNDP, total	10,000	27,800	37,800
TRAC	10,000	10,000	20,000
REoD	-	17,800*	17,800
Total	110,674	112,145	222,819

* Note: The amount of $17,800, which was financed in 2025 from the REoD program, is included in the AWP 2025 budget in the ProDoc revision.

Table 2: Overview of allocation and utilization per output in 2025

Output	*Government of Turkmenistan*		*UNDP*		*Total Budget*	*Total Utilization*
	Budget	*Utilization*	*Budget*	*Utilization*		
Output 1: The securities market in Turkmenistan has been analyzed for compliance with international standards	38,913	35,522	0	17,800	56,713	53,322
Output 2:	19,707	14,077	0	0	19,707	14,077

Contributed to the improvement of the organized securities market with equal participation of women and men in Turkmenistan						
Output 3: Contributed to the systematization of the securities market through the implementation of digital solutions	23,959	12,293	0	0	23,959	12,293
Project management	27,827	21,297	10,000	10,442	37,827	31,740
Total	110,406	83,190	10,000	28,242	138,206	111,432

VIII. Annexes

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

Output 1	Indicators	Baseline	Annual target	Progress / Milestone
The securities market in Turkmenistan has been analyzed for compliance with international standards. **Budget:** 56,713 USD **Expenditure to date:** 35,522USD	1.1. Number of specialists trained in international standards and best practices on global architecture in securities market regulation, disaggregated by sex	0	25	25
	1.2. Analysis of the country's institutional structure and legislation for compliance with international standards in the area of securities market regulation conducted and recommendations to improve the financial infrastructure were developed	No	Yes	Yes
	1.3. A draft Securities Market Development Program for Turkmenistan has been prepared, in addition to proposals concerning the establishment of a central depository and the enhancement of national securities market legislation	No	Yes	Yes

Activities	Results
1.1. Study global architecture and conduct training seminars on international standards and best practices in securities market regulation.	International consultant studied global architecture, prepared and conducted the subsequent 3-day thematic training seminar for 25 specialists from the MFET and the ASE on the topic "The essence of the securities market and its place in the market economy", including: a) The essence of the securities market and its place in the market economy, b) International standards and best practices in the global securities market regulatory architecture, c) Strategic and institutional components of the securities market in Turkmenistan and their compliance with best practices and international standards of securities market regulation.
1.2. Analyzing the country's institutional structure and legislation for compliance with international standards for securities market regulation, holding a roundtable to advise on the analysis, and developing recommendations	The international consultant: a) prepared an Analysis of the institutional structure and legislation of Turkmenistan for compliance with international standards and best practices of other countries in the field of development and regulation of the securities market, b) conducted the subsequent 3-day thematic training seminar on the topic "The role of professional participants in developing the country's securities market and strengthening its investment attractiveness", including:

for improving the financial infrastructure and making a presentation on the results of the analysis	a) The role of professional participants in developing the country's securities market and strengthening its investment attractiveness b) The best practices of corporatization of state-owned enterprises for the formation of an effective securities market.			
1.3. Development of proposals on improvement of legislation and institutional environment of the securities market, as well as preparation of the draft Programme of Securities Market Development in Turkmenistan.	The international consultant with the participation of a local consultant drafted: • Programme of Securities Market Development in Turkmenistan until 2030, including the action plan for its implementation, • The next legal and regulatory documents: a) the Law "On the Introduction of Amendments and Additions to Certain Legislative Acts of Turkmenistan," including to the Civil Code of Turkmenistan, the Code of Administrative Offenses of Turkmenistan, the Tax Code of Turkmenistan, the Law of Turkmenistan "On Joint-Stock Companies", b) the Decree of the President of Turkmenistan "On Certain Measures for the Development of the Securities Market," c) the Decree of the President of Turkmenistan "On the Unified Central Depository of Securities of Turkmenistan," including the Regulation "On the Unified Central Depository of Turkmenistan," d) the Order of the Ministry of FET "On Certain Measures to Update the State Registration of Legal Entities and Securities". Also, the international consultant with the participation of a local consultant conducted the subsequent 3-day thematic training seminar on the topics: a) "Financial instruments. Types of securities", b) Infrastructure and professional participants of the securities market. The accounting system of the securities market: Depositories. Registrars, c) Presentation of the draft State Program for the development of the Securities Market of Turkmenistan for 2025-2030.			
Output 2	**Indicators**	**Baseline**	**Annual target**	**Progress / target**
Contributed to the improvement of the organized securities market with equal participation of women and men in Turkmenistan **Budget:** 19,707 USD **Expenditure to date:** 14,077 USD	2.1. Number of staff members, trained in securities market regulation and management	0	4	4
	2.2. Rules for bond issuance, the procedure for assigning international codes, and forms of issuance documents have been developed	No	Yes	Yes
Activities	**Results**			

2.1. Organization of practical trainings to study the best practices of countries in securities market regulation and management	Study tour to Armenia for the specialists of the MFET and the ASE was organized from September 15 to 21, 2025 (visited the Central bank of RA, the Armenian Central Depository and the AMX Stock Exchange, the Armenian State University of Economics and the "Apricot" International investment company). Also, the "Turkmenistan Knowledge Café" on the topic "Sharing Insights on Securities Market Development Gained from the Study Visit to Armenia" for the staff UNDP-TKM on 10/04/2025 was conducted by project manager.			
2.2. Conduction of preparatory work to improve the institutional infrastructure of the securities market with equal participation of women and men, including on the basis of the Central securities depository and clearing centre, as well as develop recommendations on the preparation of drafts of relevant by-laws	The local consultant drafted: a) "Rules for the Issue and Circulation of Bonds", b) "Procedure for Assigning International Codes to Financial Instruments of Issuers of Turkmenistan", c) "Templates of Emission Document Forms (Issue Prospectus, Decision, and Report on the Results of the Issue)", d) Order of the Minister of Finance and Economy of Turkmenistan "On Amendments to Order No. 118-Ö dated March 15, 2019: Draft Structure (content) of Data of the Unified State Register of Securities; Draft Procedure for the Construction of the State Registration Number of Securities)			
Output 3	**Indicators**	**Baseline**	**Annual target**	**Progress / target**
Contributed to the systematization of the securities market through the implementation of digital solutions **Budget:** 23,959 USD **Expenditure to date:** 12,293 USD	3.1. A model was piloted for the creation of a central depository, which involved developing draft depository regulations, sample depository agreements, and other depository accounting documentation to systematize securities transactions.	No	Yes	Yes
	Regulations governing clearing, brokerage, dealer and trust management activities have been drafted	Yes	Yes	Done
Activities	**Results**			
3.1. Piloting a model of securities market functioning with the establishment of a Central securities depository and clearing centre to systematize securities transactions	The international consultant drafted: a) The Law "On Amendments and Additions to the Law of Turkmenistan "On the Securities Market", b) "The Regulations of the Unified Central Depository of Turkmenistan", c) "The Standard Forms of Documents for Ensuring the Activities of the Unified Central Depository of Turkmenistan" Also, the international consultant conducted the subsequent training webinar on the rules and procedures of activity of the Central depository. Besides, according to the ProDoc Revision of December 8, 2025, additions were made to the Annual Work Plan 2025, pursuant to which work is currently underway to attract highly qualified national experts and develop four additional draft legal acts regulating the following types of professional activities in the securities market: brokerage, dealing, clearing, and securities trust management.			

Annex II: Updated Risk Log

#	Description	Date Identified	Type	Impact & Probability	Counter-measures / Mngt response	Owner	Last Update	Status
1	National partner's obligations to ensure the timely and sufficient availability of additional resources, if they are necessary for the project more qualitative implementation	The risk first identified during the development of the ProDoc in 2024	Financial	May affect delivery rate. Delay in proper implementation project activities and achievement of the project outputs P = 2 I = 2	Had close cooperation with national counterparts at least one month in advance in order to get the agreed the GOVT cost-sharing contribution as per such additional payment. Risk has been completed. The Ministry of Finance and Economy of Turkmenistan has paid the last installment on 03/27/2025.	Gulalek Volmamedova	27/03/2025	Completed on 27/03/2025.
2	National partners' readiness to provide institutional and human resource, and their capacities to absorb and adopt the results of the project activities to improve legislation and institutional environment, and technological solutions.	The risk first identified during the development of the ProDoc in 2024	Strategic	Insufficient implementation of the project recommendations into the legislation and institutional environment of the country's financial sector P = 2 I = 2	Nomination and active participation of relevant specialists in project events such as roundtables and trainings to study the international standards, an analysis in the area of securities market regulation.	Gulalek Volmamedova	31/12/2025	Ongoing

3	Lack of effective involvement of national partners in the project implementation processes	The risk first identified during the development of the ProDoc in 2024	Strategic	Project activities may face delays or inefficiencies due to lack of coordination and support from key stakeholders P = 2 I = 2	Throughout the project implementation, UNDP and the Ministry of Finance and Economy of Turkmenistan will keep close cooperation with key stakeholders and securities market participants: Central Bank of Turkmenistan, State Bank for Foreign Economic Affairs of Turkmenistan, Joint-Stock Commercial Bank of Turkmenistan "Turkmenbashi", State Commercial Bank of Turkmenistan "Turkmenistan", State Commercial Bank of Turkmenistan "Dayhanbank", Joint-Stock Commercial Bank of Turkmenistan "Halkbank", Joint-Stock Commercial Bank of Turkmenistan "Senagat", and Ashgabat Stock Exchange CJSC for ensuring institutional memory in terms of introducing new approaches to securities market regulation.	Gulalek Volmamedova	31/12/2025	Ongoing

4	Migration of qualified specialists to related industries.	The risk first identified during the development of the ProDoc in 2024	Strategic	Risk to sustainability: Long-term development of the securities market may be undermined if talent consistently migrates elsewhere P = 2 I = 2	Requested to nominate the qualified specialists from each government institution via NV to MFA with proposed LOP	Gulalek Volmamedova	31/12/2025	Ongoing

Annex III: Annual Work Plan for 2026

EXPECTED OUTPUT	PLANNED ACTIVITIES	DATES												RESPONSIBLE PARTY	PLANNED BUDGET			
		Q1 2026			Q2 2026			Q3 2026			Q4 2026				Funding source	Budget description		Amount (USD)
		1	2	3	4	5	6	7	8	9	10	11	12					
Output 2: Contributed to the improvement of the organized securities market with equal participation of women and men in Turkmenistan. **Gender indicator:** 2	2.2. Conduction of preparatory work to improve the institutional infrastructure of the securities market with equal participation of women and men, including on the basis of the Central securities depository and clearing centre, as well as develop recommendations on the preparation of drafts of relevant by-laws.													Ministry of Finance and Economy of Turkmenistan, UNDP	Government of Turkmenistan	71300	Local consultant (2 consultants x 30 days)	6,000
																75700	Seminars, trainings, conferences (20 people x 1 day)	1,800
																71300	Local consultant (2 consultants x 30 days)	6,000
																75700	Seminars, trainings, conferences (20 people x 1 day)	1,800
																74500	Operating expenses	898
	Total for Output 2:																	**16,498**
	Administrative expenses (General management support), 7 per cent:														Government of Turkmenistan	75100	Services and administrati on	1,155
	TOTAL for Output 2, including administrative costs, 7%																	**17,653**

Output 3: Contributed to the systematization of the securities market through the implementation of digital solutions. **Gender indicator:** 2	3.1. Piloting a model of securities market functioning with the establishment of a Central securities depository and clearing centre to systematize securities transactions.													Ministry of Finance and Economy of Turkmenistan, UNDP	Government of Turkmenistan	72810	Acquis of Software	14,847
																71200	International consultant (1 consultant x 30 days)	12,000
																74500	Operating expenses	380
	Total for Output 3:																	**27,227**
	Administrative expenses (General Management Support), 7 per cent:														Government of Turkmenistan	75100	Services and administration	1,906
	TOTAL for Output 3, including administrative costs, 7%																	**29,133**
PROJECT MANAGEMENT	Salaries of project personnel														Government of Turkmenistan	71400	Salary (Project Manager x 12 months)	20,492
															UNDP	71400	Salary (Project Manager x 12 months)	10,000
															Government of Turkmenistan	71400	Salary (Project Assistant - 20% x 12 months)	3,418
	Communications and internet															72400	Communication services, means of communication	1,056
	Office supplies															72500	Office supplies	350
	UNDP country office support to implementation															74500	Operating expenses	691
	TOTAL FOR PROJECT - UNDP Management:																	**10,000**

	Total for Project Management - Government of Turkmenistan:																		26,007
	Administrative expenses (General Management Support), 7 per cent:															Government of Turkmenistan	75100	Services and administration	1,820
	TOTAL for Project Management, including administrative costs, 7%																		37,827
TOTAL FOR PROJECT - UNDP:																			10,000
TOTAL FOR PROJECT - GOVERNMENT OF TURKMENISTAN, including administrative costs (General Management Support), 7 per cent:																			74,613
TOTAL PROJECT for 2026																			84,613

Annex IV: Assets List.

The Project has no assets.

Annex V: Knowledge Generation

A significant part of the project activities is directly aimed at enhancing the knowledge and professional competencies of MFET and ASE specialists through practical trainings, seminars, round tables, and presentations. The acquired knowledge forms the basis for developing a unified conceptual approach, considering international standards and the best practices of other countries, improving the country's regulatory legislation, and determining the optimal institutional structure for the securities market in the country for the relevant time horizon.
The project is essentially aimed at strengthening the regulatory capacity of MFET, improving the activities of ASE, and establishing a depository.

Prepared by Ruben, Agadzhanov, Project Manager:
Date: 12/10/2025

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Approved by Gulalek Volmamedova, Programme Analyst:
Date: 12/ /2025

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