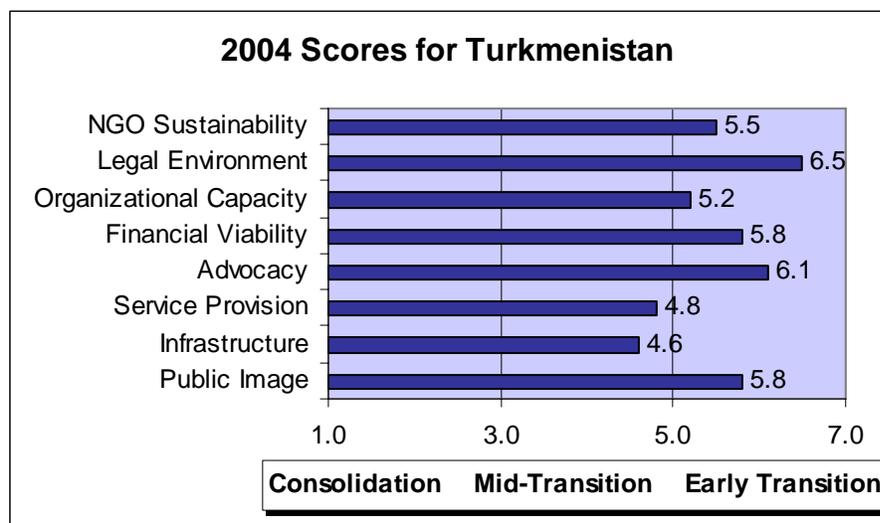

TURKMENISTAN



Capital: Ashgabat

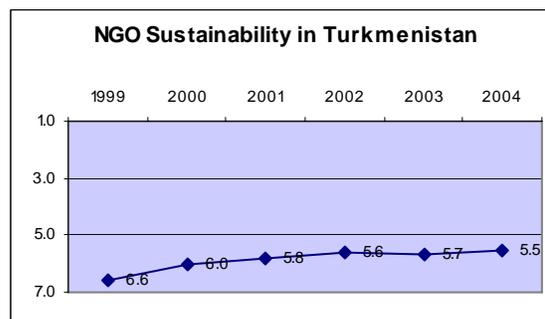
Polity: Republic-
authoritarian
presidential

Population:
4,860,000

**GDP per capita
(PPP):** \$5,800

NGO SUSTAINABILITY: 5.5

In 2004, the NGO sector continued to survive under difficult conditions. By the end of the year, however, the government began to make some concessions, including abolishing a law that criminalized participation in an unregistered organization. The government also permitted Counterpart International to conduct the NGO and Community Leaders Forum. However, a new Law on NGOs came into effect this year, creating a more burdensome registration process that gave government greater control over organizations and requiring registration for all grants. The registration process remains very slow. Counterpart International reported that only two new organizations were registered this year, adding to the 89 other registered organizations. Before the government decriminalized participation in a non-registered NGO, many organizations were shut-down for violations, including long-standing organizations such as Katena and Eco Club.



The political situation this year was more stable than last year, as no mass arrests took place and exit visas were officially abolished. However, the government still keeps a list of “not reliable” persons who are prohibited from leaving the country, and internet cafes remain closed. Fear of government harassment still has a chilling effect on citizens and civil society activities. The government abolished the dual-citizen agreement with Russia, forcing much of the Russian-speaking population to migrate. One result has been that the NGO sector has become much more Turkmen speaking.

NGOs still have few opportunities for producing revenue. The business sector does not engage in any real philanthropy, and without proper registration, NGOs are deprived of grant opportunities. Only those NGO leaders who have been granted an individual patent, which is government permission for conducting entrepreneurial activities, are able to access donor funding and carry out a limited range of activities.

The NGO sector is comprised of a variety of organizations, the majority of which are led by women. The sector has recently experienced a growth in professional associations such as the Association of Accountants and more intellectuals, such as former researchers and those involved in the arts. These types of organizations have grown to be the leading NGOs in the sector.

LEGAL ENVIRONMENT: 6.5

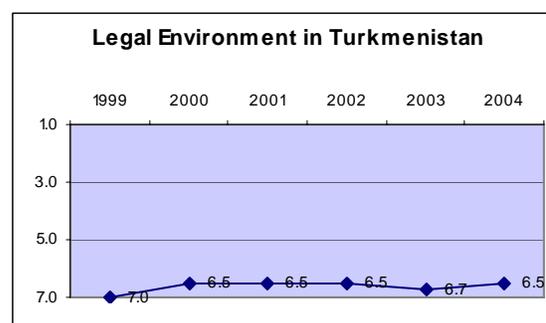
The legal environment still does not support a healthy NGO sector, although a slight sense of confidence and optimism grew throughout 2004. The sector benefited from ICNL-trained legal advisors who provided assistance with registration and other technical issues. Adding to this sense of optimism were changes in the draft regulations implementing the new NGO law, and the decriminalization of participation in a non-registered NGOs. By the end of 2004 the legal environment was less repressive than at the beginning of the year, as the State Agency for Foreign Aid reconsidered some of the registration rules, and repealed many of the complicated requirements related to opening banking accounts.

The government adopted a new NGO law in the November 2003. The Ministry of Justice drafted the law without conducting any research into the needs and issues of the

The majority of organizations struggle to provide their full range of services. NGOs that offer social services in the areas of education, health care, water and utilities, and support for orphanages generally have the most difficulty registering and engaging in activities. Local governments and NGOs partner with greater frequency, and local governments are now consulting NGO activists on sensitive topics such as juvenile delinquency and services for victims of domestic violence.

With all the challenges the sector faces, Counterpart International in Turkmenistan continues to provide NGO training programs and maintains a location in which NGOs may have meetings and discussions, the only such place in the country.

NGO sector, and many provisions are difficult to interpret. The law has had a negative impact on NGO development by giving government officials greater control over the sector. The requirement that NGOs register all of their grants has forced many organizations to discontinue their activities. Many other organizations were forced to cease their operations until they were properly registered under the new regulations.



The registration regulations were not in place until the beginning of 2004. In one draft, the Ministry of Justice required that organizations consult an appropriate Ministry, most of which are negative towards NGOs, before their registration would be approved. Another restrictive provision prohibited an organization from using a private home as its address. Donors, ICNL and NGOs all met with the Ministry of Justice and provided comments and advocated for less complicated procedures. As a result, both of these restrictive provisions were left out of the final regulations.

As mentioned above, the registration process is still very slow, and only two organizations were registered this year. Fifteen others were denied registration, but for reasons that did not comply with the law. ICNL staff researched the denials and found that all were politically motivated. Keik-Okara received approval of its registration application after a number of refusals and four months waiting. Its success has encouraged other NGOs that were denied registration to re-submit their papers. Counterpart International recruited four attorneys trained in NGO law to staff all of the civil society support centers to provide legal consultations and assist NGOs with the

registration process. Some NGOs have bypassed the registration requirements by obtaining individual patents or registering as commercial entities. Some examples include the Hemayat Legal Services Center, the Women's Issue Center, Eco Center, My Right, Arma (a club for retired persons), Medet, and Merjen.

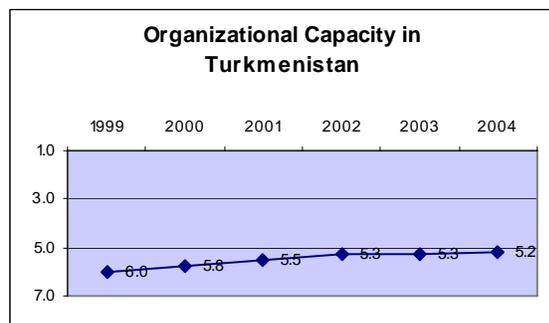
All registered NGOs are subject to social tax, personal income tax, and property tax. NGOs are not required to pay taxes on grants, although local tax inspectors are often not aware of the law and force NGOs to pay regardless. Similarly, only commercial entities are required to pay rent tax under the new law, but tax authorities collect it from NGOs anyway. The rent tax does cause some issues for organizations, who under the new law are required to have a legal address in order to register. For example, tax authorities tried to collect a rent tax from Michel Hoptian and the League of Radio Fans. After consulting an ICNL attorney, the organization showed the tax official the new law and was exempted. ICNL training programs have focused on building the capacity of advocacy groups to address these tax issues.

ORGANIZATIONAL CAPACITY: 5.2

Over the past year, NGO organizational capacity was negatively affected by the registration obstacles discussed above. Organizations have had to divert funds from institutional development and program implementation to finance their registration efforts and even then, their applications are not guaranteed to be approved. If an NGO is not approved and registered, it is not able to receive grant money. Those

organizations that have not been able to register have become more secretive about their activities and even less transparent. The difficult conditions created by these registration issues have made it essential that NGOs improve their organizational structure and take greater responsibility for their programs. Organizational capacity has also been weakened by the economy, as the

country's best and brightest migrate in search of better opportunities.



The sector did enjoy some positive developments over the past year. Legal restrictions are a significant obstacle for NGOs, but those that have been able to persevere have gained valuable experiences, developed their professionalism and capacity for strategic planning, and strengthened their human resource potential. In addition, NGOs have had to carefully consider their financial accountability and reporting mechanisms, as well as their organizational structure. NGOs have also had to overcome great barriers such as registration requirements and many have opened offices whether they are registered or not.

Most organizations remain primarily donor driven and do not operate according to a clearly defined mission. The new restrictions on NGOs have limited the availability of grants from foreign donors. A small number of organizations have

responded by clearly defining their missions and diversifying their funding. One example is the Women's Issue NGO, which was granted an individual patent and now contracts with the Ministry of Internal Affairs to provide psychological services to young criminals. However, most organizations lack an understanding of the need for strategic planning, and are led by a single charismatic leader. Nonetheless, a small number of NGOs has developed a better understanding of how a board of directors can strengthen their organizational structures and increase internal transparency. Most organizations that apply for registration understand the significance of public transparency. For example, Keik Okara is a registered organization and is planning to issue an annual report this year.

Most social activists participate in NGO activities on a volunteer basis. Many NGOs fear that having paid personnel may jeopardize their not-for-profit status with the government. Many organizations have access to modern technological resources through a network of USAID funded resource centers. These centers provide NGOs in four regions with technological assistance, informational support, and internet access. A number of organizations have computers, printers and other equipment through grants from international donors.

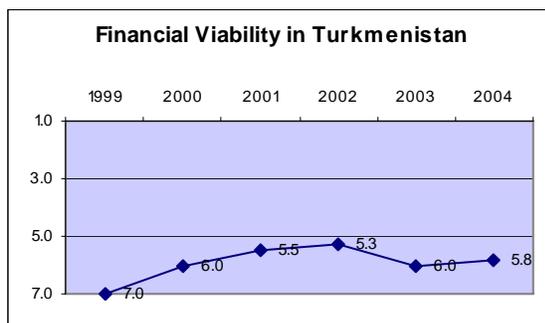
FINANCIAL VIABILITY: 5.8

The majority of NGOs depend on international grants for their existence. Domestic philanthropy remains underdeveloped, due in part to the weak business sector and the fear that the government will sanction any individual or

entity that provides support. In addition, the business sector does not understand the NGO sector, and there are no tax deductions to serve as incentives for corporate giving. Businesses have therefore limited their gifts

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to orphanages and organizations that support disabled persons.

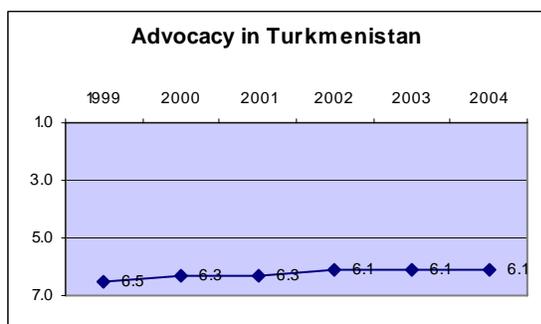


The government generally does not fund the NGO sector. A limited number of local governments have offered in-kind support and, in a few instances, have provided financial support. Keik Okara recently built a new medical health unit for refugees in Badadurmaz, and the local government paid

for and shipped in the construction materials. Mercy, Family and Health built a playground for children in its community with the local government providing the materials. Only a few organizations such as Umit, Keik Okara, and Mercy, Family and Health charge membership fees, but these fees are never sufficient to sustain the organizations.

More organizations consider sound financial management important, and would hire a professional bookkeeper if the funds were available. As discussed above, the new law on NGOs adversely affected the financial sustainability of those organizations that are unable to register and gain access to grant funding. Many such organizations are now seeking alternative funding sources.

ADVOCACY: 6.1



Even though the NGO sector did not engage in many advocacy efforts at the national level, it enjoyed limited success with local governments. Local officials and NGOs continue to expand their collaborative efforts, as governments actively support community based initiatives. USAID is providing training for NGO leaders to improve their leadership capacity and commitment to civil society values. Despite these advances, cooperation and social

partnership still depend in large part on the personalities of NGO leaders.

The registration and funding restrictions created by the new NGO law have increased the importance of NGO advocacy at the local level. USAID is supporting these efforts with legal services and technical training to arm NGOs with the confidence and skills necessary to engage government officials. In one example, officials in the Lebap region prohibited sports trainers from starting a tennis club, arguing that as teachers they are not permitted to be involved in public activities. A local attorney with USAID training in NGO law informed local officials that teachers may engage in public activities if they do so after hours. The officials conceded, and were so impressed with the tennis club initiative that they provided the club with funding. Another success in 2004 involved

Boldumsaz Ecological (BE), an environmental organization in Doshoguz. BE discovered significant violations of the environmental and sanitary regulations in the Boldumsaz community and informed the local officials, who in turn called in the Departments of Sanitation and Epidemiology, Water Management, and the municipal government. Officials formed a committee with representatives from local NGOs and different levels of government. The committee discussed the environmental issues and came up with a satisfactory solution. Local officials have also reached out to the NGO community. Eight

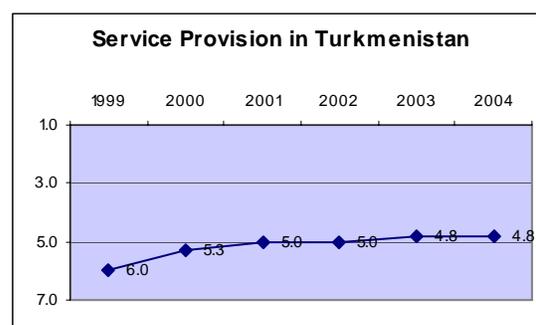
representatives from local governments participated in the Counterpart International Forum in 2004 and expressed interest in becoming part of civil society network centers.

NGOs did not engage in many national advocacy efforts, due to the government's attitude towards the sector. NGOs did mount a campaign to change provisions in the draft regulations for the new law on NGOs. As discussed, NGOs succeeded in convincing the Ministry of Justice to delete two restrictive provisions from regulations that implement the new NGO law.

SERVICE PROVISION: 4.8

The new NGO law and registration provisions presented obstacles for NGO service providers. The majority of NGOs are not registered, but most found ways to continue their activities, either registering individual patents, or maintaining partnerships with local government agencies. Despite the new barriers, NGOs provided a more diverse range of services compared to last year. In addition to education, health care, water, and utilities, NGOs provided legal consultations and social services such as drug prevention and treatment and juvenile delinquency programs. The Women's Resource Center provided legal services on gender equality issues, and opened a hot-line to provide counseling services to increase their clients' confidence and inform them of their rights. Mercy, Family and Health organized a summer camp for orphans and children from at risk families, as well as a critical thinking training program for government school teachers in Ovadan and other regions. The Meiletinchi organization collaborated with

local authorities to organize a nation-wide football campaign to keep children away from drugs. Mashgala Bahgala provided drugs and AIDs prevention programs in conjunction with the Ministry of Internal Affairs. The Union of Economists offered new services to Parliament, conducting research on the development of a legal framework for small and medium size enterprises.



Local governments generally recognize and value NGO services and their great contributions to solving social problems. Counterpart International's new community focused strategy has increased social activism in local communities considerably,

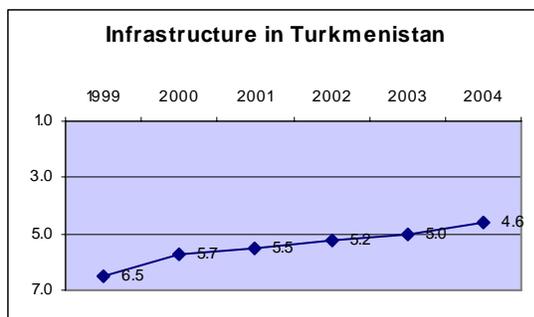
and has led to close partnerships between NGOs, community members and local authorities. The USAID community grants and development training provide tools for

identifying community needs, as well as good opportunities to increase the range and quality of service provision.

INFRASTRUCTURE: 4.6

Currently, USAID is funding four civil society support centers in Turkmenistan. NGO services include access to information and the internet, consultations on projects, trainings, and news bulletins. The discussion clubs are among the most popular services offered. These clubs offer NGO activists and the general public a forum in which they are free to discuss most any issue, including public life and culture, and allow them to exchange information. These resource centers are also the only places where many NGOs are able to access the internet.

Production requires that if farmers receive subsidies from the government, they have to sell their products to the government. Farmers that do not receive subsidies or state support are free to manage their farms and sell their goods in the open market. An agricultural cooperative in Ilkinjiler used only a few government services, but was charged for receiving the full range of services, meaning that it had to sell its goods to the government. Counterpart International challenged the Ministry of Agriculture on behalf of the Cooperative and the central government reimbursed the Cooperative 400 million mantas.



The new NGO law has increased the importance of civil society support center legal services. In the spring of 2004, USAID and ICNL hired four well-trained attorneys, one for each of the resource centers. These attorneys have already provided 380 consultations and trainings on NGO law, registration, and other legal issues. These consultations have helped many organizations apply for registration and advocate for their rights at the local level. One example involved an agricultural cooperative. The Law on Cotton and Wheat

Several organizations provide training and other services to NGOs. The Union of Economists provides information, computer facilities, a library, and consultations for many projects. Ecosodruzherstvo, Unit, and Ufologists also provide information and consultations, and publish information bulletins, all to support other organizations. Qualified trainers offer capacity building programs in strategic planning, fundraising, advocacy, financial management, and other topics, both in Russian and Turkmen. Counterpart International recently introduced a new community project management training module that was translated into Turkmen. The more well-established NGOs have requested even more advanced, specialized trainings. Unfortunately, the well-developed organizations often compete for funding, public attention, and government support. In order for the NGO sector to grow, these

organizations need to increase their cooperative efforts, share information, and consolidate their activities. Some organizations have been building links around specific issues, examples of which

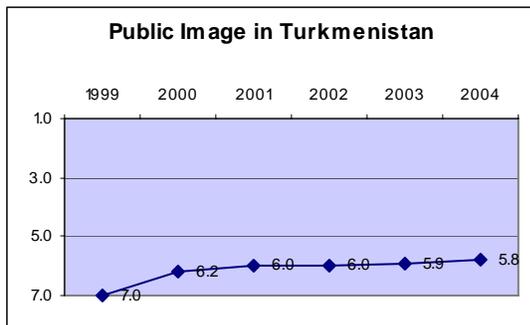
include the joint efforts of Meiletinchi, Arma, and Mashgala Bashgala to address the issues of youth and retired people.

PUBLIC IMAGE: 5.8

The national government does not significantly recognize NGOs and still maintains the belief that NGO members are dissidents who create a bad national image. Government bodies try to closely monitor and control NGO activities and several organizations were visited and interviewed by KNB officers. Interestingly, several NGOs reported that once the KNB officers learned more about their programs, they changed their negative attitudes and stopped harassing them.

Economy and is a part of the Ministry’s Methodology Committee, and the Women’s Issues and Mashgala Bashgala, which both cooperate with the Ministry of Internal Affairs on working with juveniles and drug prevention issues.

Local governments often have a better understanding of the role and importance of NGOs and their capacity to provide professional services. Fifteen local government representatives, including a high ranking city administrator, local education authorities, and others visited Mercy, Health and Family, which provides educational services and psychological assistance, and operates a day center for at risk children. The local government representatives were impressed by its activities and asked the organization to share its experience, teaching methodologies and other activities. In general, local governments see NGO leaders as valuable assets in the development of their communities and have hired NGO leaders to work for them. The general public has yet to recognize the roles that NGOs play in society, as most either lack awareness or think of NGOs simply as groups of people asking for money.



As evidenced by successful advocacy to changes in the NGO regulations and a few examples of government cooperation, NGO-government relations have experienced some positive developments over the past year. Other examples include the Association of Accountants, which collaborates with the Ministry of the