

### Turkey: Structural Conditionality

Action	Type 1/	Status
<b>December 2003</b>		
Eliminate 25,074 redundant state enterprise positions.	PC	Waiver requested. Overall elimination of positions—including positions not formally covered by the PC definition—exceeded target.
Introduce regulations implementing new legislation covering pre-packaged bankruptcy provision (December 15).	BM	To be met with delay. Relevant legislation was passed in February; the law requires the regulations to be introduced by April 21.
Detailed assessment of fiscal implications of new social security reforms.	BM	Met
<b>Prior actions for the Seventh Review</b>		
Implement corrective fiscal measures expected to yield TL 7 quadrillion over the remainder of 2004, including passage of legislation by Parliament implementing spending cuts.	PA	Met
Pass legislation for the second phase of direct tax reform.	PA	Met
Decision to sell, merge or liquidate Pamuk bank.	PA	Met
Imar bank inquiry to start: head of inquiry appointed and TOR approved.	PA	Expected to be met shortly.
<b>April 2004</b>		
Announcement by the SDIF of a new strategy for asset resolution.	BM	
Assessment of the banking system prior to lifting of blanket deposit guarantee.	BM	
<b>May 2004</b>		
Submission to Parliament of tax administration reform legislation, making the GDR a semi-autonomous agency within the Ministry of Finance.	BM	
Prepare report outlining key elements of state enterprise governance strategy.	BM	Inter-agency committee is operational and expected to report by end-May deadline.
<b>June 2004</b>		
Improve the public sector personnel system, including passage of legislation to establish a code of ethical conduct for civil servants and public administrators (previous target end-December 2003).	BM	Legislation has been submitted to Parliament.
Make public key elements of the new strategy for state banks and a timetable for the action plan (mid-June).	BM	
All excises will be adjusted to be brought in line with budget assumptions.	BM	
<b>July 2004</b>		
Passage by Parliament of tax administration reform legislation, making the GDR a semi-autonomous agency within the Ministry of Finance.	BM	
Submission to Parliament of amendments to the Banking Act (by parliamentary summer recess). See paragraph 14 of Letter of Intent for details.	BM	
<b>August 2004</b>		
Publication of final report on the independent inquiry into the Imar bank case in accordance with the terms of reference.	PC	
<b>Date yet to be specified</b>		
Submission to Parliament of social security reform legislation.	PC	
Passage by Parliament of amendments to the Banking Act (to be specified during Eighth Review).	PC	
<b>Continuous</b>		
No new amnesties of arrears on public sector receivables.	PC	Met

1/ PA=prior action, PC=structural performance criterion, and BM=structural benchmark.

## Turkey: Quantitative Performance Criteria and Indicative Targets for 2004

	Ceiling/ Floor		Ceiling/ Outcome		Ceiling/ Floor		Ceiling/ Outcome		Ceiling/ Floor		Ceiling/ Outcome	
	Floor	Outcome	Floor	Outcome	Floor	Outcome	Floor	Outcome	Floor	Outcome	Floor	Outcome
I. Quantitative performance criteria 1/	March 31, 2004		April 30, 2004		June 30, 2004		August 31, 2004		September 30, 2004		December 31, 2004	
1. Floor on the cumulative primary balance of the consolidated government sector since January 1, 2004 (in trillions of TL)	5,420		...		14,100		...		22,950		26,200	
2. Floor on the cumulative primary balance of the consolidated government excluding SEEs sector since January 1, 2004 (in trillions of TL)	...		6,300		...		19,000		...		22,900	
3. Ceiling on contracting or guaranteeing of new external public debt with original maturities of more than one year (in millions of US\$) 2/	7,000		...		13,000		...		16,000		17,500	
4. Ceiling on the stock of external public debt with original maturities of up to and including one year (in millions of US\$) 3/	1,000		...		1,000		...		1,000		1,000	
5. Floor on level of net international reserves of CBT and Treasury combined (in billions of US\$)	-2.00	0.7	-2.00		...		-2.00		...		-2.00	
6. Ceiling on base money (in quadrillions of Turkish lira)	16.1	16.9	17.5		...		19.2		...		19.3	
II. Indicative targets												
1. Floor on the cumulative overall balance of the consolidated government sector since January 1, 2004 (in trillions of Turkish lira)	-11,420		...		-20,000		...		-29,300		-35,440	
2. Ceiling on the stock of net domestic assets of the CBT and Treasury combined (in quadrillions of Turkish lira)	29.6	27.3	31.6		...		33.3		...		33.4	
3. Privatization proceeds cumulative from January 1, 2004 (in millions of US\$)	100		...		500		...		1,000		3,000	
4. Number of employees hired at non-financial state enterprises	...		...		...		...		...		4,000	

1/ Targets for August 31, 2004, September 30, 2004 and December 31, 2004 are indicative.

2/ Applies to nonconcessional external debt with an original maturity of more than one year from end-December 2003. Excludes purchases from the IMF, adjustment lending from the World Bank, and other external program financing, long-term liabilities of the Central Bank and sales of treasury bills and bonds denominated in TL or Fx to nonresidents in either the domestic primary or secondary markets.

3/ Stock of debt of maturity of one year or less, owed or guaranteed by the consolidated government sector. Excludes external program financing, sales of treasury bills denominated in TL or foreign exchange to non residents in either the domestic primary market or the secondary market, normal import-related credits, reserve liabilities of the Central Bank, and forwards contracts, swaps and other futures market contracts.

### Turkey: Revised Performance Criteria Test Dates and Review Schedule, 2004

Review	Purchase (SDR millions)	PC Test Dates			Review Date and Earliest Possible Purchase Date
		Primary balance of the CGS and external debt	Primary balance of CGS minus SEEs	NIR, Base Money	
5th Review Schedule					
7th Review	340.2	October 31, 2003	...	December 31, 2003	January 15, 2004
8th Review	340.2	December 31, 2003	...	March 31, 2004	April 15, 2004
9th Review	340.2	March 31, 2004	...	June 30, 2004	July 15, 2004
10th Review	340.2	June 30, 2004	...	September 30, 2004	October 15, 2004
11th Review	340.2	September 30, 2004	...	November 30, 2004	December 15, 2004
Proposed Revised Schedule					
Actual purchases	11,120.2				
7th Review 1/	340.2	March 31, 2004	...	March 31, 2004	...
8th Review	453.6	...	April 30, 2004	April 30, 2004	June 15, 2004
9th Review 2/	453.6	June 30, 2004	August 31, 2004	August 31, 2004	October 15, 2004
10th Review 2/	453.6	September 30, 2004	December 31, 2004	December 31, 2004	January 15, 2005
Total Purchases	12,821.2				

1/ Owing to deferred completion of this review the controlling test dates shift to March 31, 2004

2/ The June 30, 2004 test date floor for the CGS primary balance performance criterion becomes applicable for purchases 45 days after the actual test date in view of the time required to report comprehensive monitoring data.