

Table 1. Bulgaria: Prior Action, Structural Performance Criteria, and Structural Benchmarks for the Fifth Program Review

		Program Timing	Implementation Status
<b>New Measures</b>			
<b>Prior Action</b>			
1.	Submit to parliament the draft package of amendments to the Energy Law agreed with the World Bank.		
<b>Structural Performance Criterion</b>			
1.	Ensure that 60 closely monitored state-owned enterprises keep their wage bill as a group for the first quarter (end-March test date) of 2001 under the level of the base wage bill, which is their aggregate wage bill in the third quarter of 2000 plus 5 percent. Within this total ceiling, no more than 10 percent of these enterprises may exceed their individual wage bill ceiling, which is their individual wage bill in the third quarter of 2000 plus 5 percent, unless their total wage bill remains below 10 percent of the aggregate wage bill of all the enterprises on the list. Excluded from the list for the test date will be those enterprises that have been privatized, or ceased operations, and those that had profits in 2000, unless they are monopolies, have arrears, or receive state subsidies. If an enterprise is excluded from the list, the base wage bill will be reduced by the amount of that enterprise's wage bill in the third quarter of 2000.	End-March 2001	
<b>Structural Benchmarks</b>			
1.	COM to adopt amendments to the NSSI regulation on the components of remuneration to harmonize the bases for the PIT and the social insurance contribution for self insured.	March 2001	
2.	MOL, MOH and MOF to issue wage guidelines in the health sector for 2001 aimed at preventing cost escalation.	March 2001	
3.	Parliament to approve the draft package of amendments to the Energy Law agreed with the World Bank.	May 2001	
4.	Refrain from introducing tariff increases, new temporary tariff exemptions, and temporary tariff quotas.	Ongoing until the end of the arrangement.	

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		Program Timing	Implementation Status
<b>Previous Commitments</b>			
<b>Structural Performance Criteria</b>			
1.	Ensure that the 121 closely monitored state-owned enterprises subject to a wage bill freeze keep their wage bill as a group for the third quarter (end-September test date) and fourth quarter (end-December test date) of 2000 under the level of the base wage bill, which is their aggregate wage bill in the third quarter of 1999. Within this total ceiling, no more than 10 percent of these enterprises may exceed their individual wage bill ceilings unless their total wage bill remains below 10 percent of the aggregate wage bill of all the enterprises on the list. Excluded from the list for both test dates will be those enterprises that are privatized, or ceased operations, and those that had profits in 1999 and the first two quarters of 2000, unless they are monopolies. If an enterprise is excluded from the list, the base wage bill will be reduced by the amount of that enterprises' wage bill in the third quarter of 1999.	September 2000 and  December 2000	<b>Met.</b>  <b>Met. The group's total wage bill was reduced by 9.4 percent between the third quarter of 1999 and the fourth quarter of 2000. Out of 90 enterprises that remained on the list, only 8 violated the wage bill freeze, and their combined wage bill amounted to only 3.3 percent of the total wage bill.</b>
2.	COM to adopt: (i) a decision to withdraw direct and indirect central government subsidies from 3 DHCs before the 2000-01 heating season; and (ii) a decision identifying 5 DHCs from the remaining 19 DHCs from which all central governments subsidies will be withdrawn effective July 1, 2001. The final draft of the 2001 budget will incorporate these decisions.	September 2000	<b>Met.</b>
3.	Issue a new tender to sell Biochim.	September 2000	<b>Met.</b>
<b>Structural Benchmarks</b>			
1.	Initiate joint audits of social contribution and PIT withholdings.	September 2000	<b>Met.</b>
2.	The URA Commission is to ensure that: (i) Tax and social insurance forms are streamlined based on a harmonized definition of "labor income" as a common part of the bases for PIT and all social contributions.	December 2000	<b>Met.</b>
3.	(ii) Draft legislative amendments are prepared, providing clear criteria for defining the employer-employee relationship, including for self-employed persons and the small business sector.	March 2001	
4.	Incorporate the elimination of outstanding municipal expenditure arrears into the 2001 municipal budgets.	2001 budget	<b>Met.</b>

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		Program Timing	Implementation Status
5.	Complete consolidation of 90 percent of all leva accounts of government held in the BNB into the Single Treasury Account (including budgetary, extra-budgetary, deposit and suspense accounts).	December 2000	Met.
6.	The Ministry of Finance, the National Social Security Institute, the Health Insurance Fund, and the Ministry of Health to jointly formulate a detailed plan to finance the next stage in hospital care from mid-2001.	December 2000 <i>Revised target March 2001</i>	<b>Partly met. A framework plan prepared in November 2000, and a detailed plan is being drafted for discussion.</b>
7.	Sell or irreversibly put up for sale through the centralized mass privatization auctions or other means residual state-owned shares in nonstrategic companies privatized by end-1999 net of those shares held due to restitution or legal proceedings or reserved for employees. In addition to these exclusions, there will be no more than 20 enterprises with remaining state-owned shares.	December 2000 <i>Revised target December 2001</i>	<b>Partly met. 70 enterprises privatized by end 1999 still have residual shares.</b>
8.	COM to amend regulation to allow privatization bodies to publish main parameters of all bids of interested buyers after a sale is completed.	September 2000	Met.
9.	Complete the sale of assets of Group B enterprises entered into liquidation.	December 2000 <i>Revised target June 2001</i>	<b>Partly met. In 2000 assets of 5 out of 14 enterprises were sold.</b>
10.	Enactment by parliament of legislation to expedite the completion of bankruptcy proceedings, including for state-owned enterprises.	September 2000	<b>Met with delay on Oct 13, 2000.</b>
11.	Submit to parliament the draft package of amendments to the Energy Law agreed with the World Bank.	September 2000 <i>Revised target Prior Action for Fifth Review (see above).</i>	Not met.
12.	Ensure that NEK does not enter into power purchase agreements with terms longer than one year unless approved by the standing commission appointed by the Prime Minister.	From July 1, 2000 through end-2001	<b>Being observed. NEK has not signed any long-term power purchasing agreement.</b>
13.	Until the implementation of the two-component tariff, apply an obligatory fixed payment for disconnected volumes in connected buildings with effect from November 1, 2000.	September 2000	<b>Not met. Requires approval of amendments to the Energy Act.</b>
14.	Enforce compliance with prudential regulations and implement strategy to bring offending banks into compliance, including the right for the BNB to require prompt corrective action.	Continuous	<b>Being observed.</b>
15.	Refrain from introducing new temporary tariff exemptions and temporary tariff quotas.	July 31, 1998 ongoing	<b>Being observed.</b>
16.	Issue a 2001 Trade Decree (to take effect on January 1) that lowers MFN tariffs for non-agricultural goods to 10 percent (average) and for agricultural goods to 22 percent (average).	December 2000	Met.

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		Program Timing	Implementation Status
17.	Refrain from a conversion of outstanding privatization vouchers into government debt.	Continuous	<b>On track.</b>

Performance Criterion on the Overall Deficit and Indicative Target on  
Revenues of the General Government

	Overall deficit ceilings 1/	Revenues (Indicative)
(In millions of leva)		
January 1, 2001–March 31, 2001	212	2,483
January 1, 2001–June 30, 2001 (indicative)	22	5,184
January 1, 2001–September 30, 2001 (indicative)	250	7,910
January 1, 2001–December 31, 2001 (indicative)	218	10,762

1/ The figures denote the largest allowable level of the deficit excluding contingency expenditure.

The general government accounts are defined to include the consolidated budget (including the republican budget, the budgets of ministries and local governments, and the social security fund) as well as all extrabudgetary funds and accounts both at the central and local government levels.

The quarterly limits will be cumulative and will be monitored from the financing side as the sum of net credit from the banking system to the general government, net nonbank credit to the general government, privatization receipts of the budget, and receipts from external loans for direct budgetary support minus amortization paid. For calculating the performance against this ceiling, privatization receipts include the dividends from the Bank Consolidation Company and the proceeds from the sale of the second GSM license (net of expenditure to move defense communications out of the frequencies covered by the license, up to a limit of 48 million leva).

The overall deficit ceilings have been defined excluding contingency expenditure related to the cost of structural reform (defined as contingency spending not related to natural disasters), and will be adjusted upward for the cumulative actual contingency expenditure related to the cost of structural reform. This cumulative adjustment will not exceed BGN 5 million at end-March, BGN 15 million at end-June, BGN 50 million at end-September, and BGN 205 million at end-December 2001.

The deficit ceilings will be reduced by the amount external interest payments fall short of the following cumulative amounts: 411 million leva by end-March; 497 million leva by end-June; 890 million leva by end-September; and 1,063 million leva by end-December, 2001.

Performance Criterion on the Floor on the Balance of the Fiscal Reserve Account  
(In millions of leva)

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	<u>FRA</u>
Level on December 31, 2000	2,260
Cumulative change from level on December 31, 2000	
March 31, 2001	-102
June 30, 2001 (indicative)	-1
September 30, 2001 (indicative)	-291
December 31, 2001 (indicative)	-262

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The Fiscal Reserve Account (FRA) consists of the balances in leva and in foreign exchange of the following accounts: all budgetary accounts in the banking system, including the central budget, ministries and agencies, central government extrabudgetary funds as defined in Annex No. 4 of the 2001 Budget Law, the National Social Security Institute, and the Health Insurance Fund.

The limits will be monitored from the accounts of the banking system, to be provided monthly by the BNB and the Ministry of Finance. For the purposes of the program, deposit accounts that are denominated in foreign currencies will be converted into leva at the December 31, 2000 exchange rates (2.10191 leva, and 1.30291 SDR per US dollar).

### Performance Criterion on the Floor on Deposits of the Banking Department

The available balances of the Banking department will be deposited in the Issue Department, including a deposit in SDRs according to the reserve position and holdings of SDRs at the IMF. The Banking Department may hold part of its deposits in foreign currencies.

From January 1, 2001 until December 31, 2001, the deposit of the Banking Department with the Issue Department shall, on average in any given week, exceed BGN 680 million. The floor on the Banking Department deposits is indicative from April 1, 2001 to December 31, 2001.

The floor set above will be adjusted for:

- (i) cumulative repurchases to the IMF less maturity payments made by the government to the BNB from January 1, 2001.
- (ii) any revaluation loss on the monetary gold which might be debited from the deposit of the Banking Department, if the gold price falls below DM 500 per troy ounce.

During the monitoring period, any increase in outstanding lending by the Banking Department to banks greater than the equivalent of BGN 2 million will require consultation with the IMF staff.

## Performance Criterion on the Ceiling on Tax and Social Insurance Arrears

	<u>Total</u>	(In millions of leva)	
		<u>GTD</u> (indicative)	<u>NSSI</u> (indicative)
Outstanding as of:			
December 31, 2000 (actual)	530	313	217
Cumulative change from level on December 31, 2000:			
March 31, 2001	-30	-22.5	-7.5
June 30, 2001 (indicative)	-60	-45.0	-15.0
September 30, 2001 (indicative)	-90	-67.5	-22.5
December 31, 2001 (indicative)	-120	-90.0	-30.0

The performance criterion is on the sum of change in monitored arrears to the GTD and arrears to the NSSI. For the purpose of this performance criterion, arrears are defined to include interest and penalties.

The enterprises monitored for arrears to the GTD:

1. Lukoil - Neftochim	11. Arsenal EAD	21. Trema AD
2. BDZ	12. Vini EAD	22. Madara AD
3. Plama AD	13. Bourgas Seaport	23. Dunarit AD
4. VMZ AD - Sopot	14. PDNG EAD	24. Maritsa KK AD
5. Haskovo BT AD	15. Bourgas Sugar Factory AD	25. Ledenika AD
6. NEK EAD	16. SKGT EAD	26. Dobrich Mel AD
7. Solntse BT AD	17. Maritsa - Iztok Mines	27. Plovdiv BT AD
8. Arkus AD	18. Great Bulgarian Mills EAD	28. Ministri Rodopi AD
9. Sugar Factory AD	19. Kambana 1899 AD	29. Pleven BT AD
10. Pernik Mines	20. Bulgargaz EAD	30. Quartz EAD
31. Bobov Dol Mines	38. NITI EAD Kazanlyk	45. Varnensko Pivo
32. Nefteks Petroleum	39. Stara reka	46. Kitka
33. Toplofikatsia Pernik	40. Shumensko pivo	47. Svetlina
34. Stomaneni trabi	41. Agroteknika	48. Burgasbas
35. Orfei	42. Vineks Preslav	49. Blagoustroisveni Stroeji Burgas
36. Chernomorsko Zlato	43. Cherno more	50. LVK Gamza
37. Korabno mashinostroene	44. Liteks Dzus	

The enterprises mentioned for arrears to the NSSI:

1. Bobov Dol Mines AD	15. Kitka AD	29. Elprom EMT AD
2. Stomana AD	16. Stara Reka AD	30. Balkanbas Mines
3. Pernik Mines	17. Tezhko Mashinostroene AD	31. Crystal EAD
4. Marbas Mines	18. Berg-Montana Fitingi OOD	32. Microprocessor Systems
5. Port of Burgas	19. Promet EOOD	33. Ustream EOOD
6. Varna Shipyard	20. KK Maritsa Cherno More EOOD	34. Etavia AD
7. Entire Gorubso Madan EAD	21. Cherno More EOOD	35. Montana AD
8. Vidachim AD	22. Dynamo AD,	36. Mraz AD
9. Quartz AD	23. Veslets -91 EAD	37. Trema
10. Pirin Mine	24. Podem AD	38. VMZ AD
11. Plama AD	25. ZMM	39. Stomaneni Trabi
12. Burgas Copper Mines	26. Pima AD	40. Andela EAD
13. Higher Medical Institute	27. Rubin AD	41. NITI EAD
14. Polimeri OOD	28. Belopal	42. Obshinski Avtotransport EOOD



43. Sanya	58. Metalni Konstruktsii	75. Rodopa 95 AD
44. Agropromstroy EAD	59. Orfey OOD,	76. Microak OOD
45. Kombinat za Obrabotka na Tsvetni Metali AD	60. Radomir Le Co Co EOOD	77. Elastic EAD
46. Chavdar AD	61. Darvodobiv i Stroitelstvo	78. ZMD Nikopol AD
47. Filtex AD	62. Dobrichka Mesna Kompania	79. Aves-94 AD
48. Vitamina AD	63. Prikom EAD	80. Sukmo EOOD
49. Strumatex	64. Ilyo Voyvodya AD	81. Gorubso EAD
50. Dobrich Mel AD	65. Dunarit AD	82. Struma OOD
51. Nistra EAD	66. Burya AD	83. Balkan Bank – Headquarters
52. Elprom ZET	67. Mediket EAD	84. Arsenal EAD
53. V i K	68. Harmonia	85. Balkanbas Mines, Paisiy Mine
54. KZU Promishleno Stroitelstvo	69. Pektin EOOD	86. ZMM Technotronica
55. Minstroy AD	70. Uvion OOD	87. Incoms EIM
56. Elena Georgieva AD	71. S-M 33	88. Chepino EAD
57. Iindentsi Mramor	72. Technologia na Metalite	89. Cherno More Mine
	73. Sparky AD	90. Proinveks EOOD, Sofia
	74. Polyma AD	91. Elko OOD
92. Dervent OOD		
93. Kachestvena Metalurgia AD		
94. Dobrich Mel		
95. Kartal EAD		
96. Kamet AD		
97. Djebel Basma Service-4U		
98. Josi EOOD		
99. Tezhko Mashinostroene AD		
100. Kremikovtski		

For the purpose of assessing compliance with this performance criterion:

- the measured changes in arrears will exclude the amount of principal and interest added by any new tax and social contribution assessment acts issued for arrears incurred before December 31, 2000;
- VAT refund positions (negative outstanding liabilities) will not be netted against liabilities of other enterprises, i.e., if an enterprise has a net refund position, it will count as zero in the total tax arrears for the monitored enterprises;
- agreements entered into after December 31, 2000 on writing off or rescheduling outstanding liabilities to tax authorities or the NSSI will not reduce amounts counted as outstanding liabilities;
- enterprises in the list which are entered into liquidation or bankruptcy proceedings will not drop out of the monitored total until they are struck from the register of active enterprises in Bulgaria; however, the total will no longer include new interest and penalty charges accruing after their entry into bankruptcy or liquidation.
- NEK will include all generation, transmission and distribution companies that were a part of the electricity monopoly prior to its unbundling.

## Indicative Ceilings on the Monitored Total Outstanding Liabilities to Customs

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	(In millions of leva)
Outstanding as of:	
December 31, 2000 (actual)	6.7
Cumulative change from level on December 31, 2000:	
March 31, 2001	-1
June 30, 2001	-1
September 30, 2001	-2
December 31, 2001	-2

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This indicative ceiling relates to the total of the outstanding liabilities (including principal, interest and penalty charges) of the 20 largest debtors to the Customs Department. The list of enterprises covered is provided below.

Outstanding liabilities to the Customs Department exclude VAT and excise obligations collected at customs.

Agreements on writing off or rescheduling outstanding liabilities to the Customs Department entered into after December 31, 2000 will not reduce amounts counted as outstanding liabilities.

Enterprises in the list below which are entered into liquidation or bankruptcy proceedings will continue to be included in the monitored total until they are struck from the register of active enterprises in Bulgaria. However, the total will no longer include new interest and penalty charges accruing after their entry into bankruptcy or liquidation.

- |                       |                             |
|-----------------------|-----------------------------|
| 1. Haskovo BT         | 11. Sanvel Lazio EOOD       |
| 2. Amal-2000 OOD      | 12. Buren Foundation        |
| 3. Tri Alkols EOOD    | 13. Van Kempen Rouse        |
| 4. Galax EOOD         | 14. Inter Karlen 1 EOOD     |
| 5. VMZ Sopot          | 15. Yanex – Yanulcho Petrov |
| 6. Bourgas Port EAD   | 16. Elliss M.               |
| 7. Samotlor OOD       | 17. Offset Express AD       |
| 8. Neftochim AD       | 18. Y. N. Linda and DZU     |
| 9. Bapersugar AD      | 19. Glenfield Sofia         |
| 10. Grainer-Dippa OOD | 20. Science and Education   |

Performance Criteria on the Ceilings on Contracting and Guaranteeing  
Public External Debt 1/  
(In millions of U.S. dollars)

	One year and Under 2/	Over 1 year 3/	1–5 years 3/
Cumulative change from level on December 31, 2000:			
March 31, 2001	40	250	250
June 30, 2001 (indicative)	80	500	250
September 30, 2001 (indicative)	120	800	250
December 31, 2001 (indicative)	160	1,100	250

1/ Debt falling within the ceilings shall be valued in U.S. dollars at the exchange rate prevailing at the time the contract or guarantee becomes effective. Following the end of each month, information on the contracting and guaranteeing of external debt falling both inside and outside the ceilings will be reported to the IMF by the Ministry of Finance.

2/ The ceilings apply to the outstanding stock of short-term debt with original maturities of up to and including one year contracted or guaranteed by the general government or the Bulgarian National Bank. The general government is defined in Annex I. The term debt has the meaning set forth in point No. 9 of the IMF Guidelines on Performance Criteria with Respect to Foreign debt adopted on August 24, 2000 (Executive Board Decision No. 12274-(00/85)). Excluded from this performance criterion are (i) normal import-related financing credits; and (ii) outstanding balances under bilateral payments arrangements. The actual stock of short-term debt outstanding (according to this definition) as of December 31, 2000 was zero.

3/ The ceilings apply to the contracting or guaranteeing of external non-concessional debt with original maturities of more than one year by the general government or the Bulgarian National Bank. A subceiling on such debt of more than one year and up to and including 5 years is also defined. The general government is defined in Annex I. Concessional loans are defined as those with a grant element of at least 35 percent of the value of the loan, using currency-specific discount rates based on the commercial interest reference rates reported by the OECD (CIRRS) in effect at the time of contracting or guaranteeing the loan. This performance criterion applies not only to debt as defined in point No. 9 of the IMF Guidelines on Performance Criteria with Respect to Foreign debt adopted on August 24, 2000 (Executive Board Decision No. 12274-(00/85)) but also to commitments contracted or guaranteed for which value has not been received. Excluded from this performance criterion are: (i) changes in indebtedness resulting from refinancing credits and rescheduling operations, including the capitalization of interest; (ii) liabilities to the IMF; and (iii) changes in indebtedness resulting from debt exchange operations.

Indicative Ceilings on the Cumulative Change in Net Credit  
from the Banking System to the General Government

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	(In millions of leva)
Cumulative change from level on December 31, 2000:	
March 31, 2001	69
June 30, 2001	-65
September 30, 2001	107
December 31, 2001	-7

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Net credit from the banking system to the general government for the purposes of the program is defined as the sum of banks' claims on all parts of the general government as defined in Annex I above, less the sum of general government deposits with the banking system (excluding the balance of suspense accounts), as reported in the accounts of the banking system. Claims cover bank loans and advances to the general government, as well as bank holdings of general government debt. General government deposits cover: (i) deposits of the consolidated budget (including those of local governments and the net balance of the Privatization Agency); and (ii) the net balances of all other extrabudgetary funds and accounts, except the suspense accounts.

For the purposes of the program, those components of net credit to the general government that are denominated in foreign currencies will be converted into leva at the exchange rates and cross exchange rates prevailing on December 31, 2000 (accounting exchange rates).

For assessing observance of the above limits on the cumulative change of net bank credit to the general government, the reported level of net bank credit to the general government as defined above will be adjusted to exclude: (i) the impact of debt operations (including any government instrument issued to guarantee deposits of a bank which is closed, or to recapitalize banks); and (ii) the impact of transactions involving closed banks.

The limits will be monitored from the accounts of the banking system, including the FRA, supplemented by information provided monthly by the Ministry of Finance on government debt, nonbank financing, gross and net receipts from cash and mass privatization. The limits will be adjusted appropriately if a revision of the monetary survey affects net banking system credit to general government.

Other Performance Criteria<sup>1</sup>

1. The BNB will ensure that gross foreign reserves of the issue department are at least equal to the issue department's liabilities at all times. Issue department liabilities will comprise leva notes and coins in circulation, and deposits from the banking department, banks, government, and the nonfinancial sector with the BNB, excluding liabilities to the IMF. For the purpose of this performance criterion, issue department liabilities will be converted into foreign exchange using the official exchange rate.
2. The BNB shall not increase credit to the government at any time during the period of the CBA, except as allowed under the Law of the BNB, nor shall it purchase Bulgarian government securities.
3. Required reserves of the banking system will not be reduced to below 8 percent of eligible liabilities. The conditions for banks' access to required reserves will not be changed.
4. During the period of the arrangement, the government does not intend to impose new or intensify existing exchange restrictions on payments and transfers for current international transactions, or introduce or modify multiple currency practices, nor conclude any bilateral payments arrangements that are inconsistent with Article VIII of the IMF's Articles, nor impose or intensify any import restrictions for balance of payments purposes, nor accumulate any payments arrears except for amounts subject to rescheduling.

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<sup>1</sup> All performance criteria listed in this annex are applicable on a continuous basis.

Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
<b>1. Fiscal Sector</b>				
<b>1.1 Overall fiscal stance</b>	Ensure fiscal sustainability and support CBA arrangement.	Maintain a broadly balanced budget, except for possible transitional costs of structural reforms and adequate provision for infrastructure investment.	EFF period	<b>On track.</b>
<b>1.2 Fiscal transparency</b>	Redefine the boundaries of the government sector.	Incorporate quasi-fiscal costs of restructuring or liquidating state-owned enterprises and any support provided to enterprises explicitly in the budget.	Budget 2000-01	<b>Done in 2001 budget.</b>
		Include in the annual budget law a limit and on the amount of new government guarantees extended.	Budget 2000-01	<b>Done for 1999. Not included in the budget laws for 2000 and 2001, but implemented through a separate Council of Ministers decree.</b>
		Separate commercial activities from the budget; corporatize and privatize these activities, where appropriate.	EFF period	<b>On track.</b>
	Enhance government sector accountability.	Reduce the number of extrabudgetary funds and accounts. Do not establish new EBFs.	Budget 2000-01	<b>Done. Of the 15 extrabudgetary funds in 2000, one was closed and another is being reorganized as a commercial enterprise.</b>
		Further improve the information content of reports and analyses of the budget and its implementation made available to the public.	2000 and onward	<b>On track. 2001 budget document contains improved analysis.</b>
		Finalize a new unified chart of accounts for the general government based on national accounting standards and generally following GFS requirements.	December 2000	<b>Done. The first level budget units began to implement it from the beginning of 2001.</b>
<b>1.3 Tax policy</b>	Improve the efficiency of the tax system.	Eliminate VAT exemption for tourism services abroad.	Budget 2001 <i>Revised target Budget 2002</i>	<b>Not done. Delayed by one year through parliamentary decision.</b>
		Fully implement the rule that tax changes cannot be legislated in laws other than the tax laws and do not introduce new tax exemptions.	EFF period	<b>On track.</b>
		If and when overall fiscal situation permits, progressively reduce the tax burden.	EFF period	<b>On track. Done in 2001 budget.</b>
		Transform the Tax Policy Directorate into a Revenue Policy Division to quantify overall revenue implications of policy options contemplated in the budget preparation process.	2001 budget	<b>Done with delay. The Directorate included non-tax revenues in its analysis in the second half of 2000. In February 2001 it also included social insurance contributions in its analysis.</b>
		Simplify the presumptive (patent) tax to make it easier for small businesses to employ additional workers.	2001 budget	<b>Done. Presumptive tax is no longer based on number of employees.</b>
		Reduce the national corporate profit tax rate to 20 percent for enterprises with profits over 50,000 leva, and 15 percent for others.	2001 budget	<b>Done. In 2001 budget.</b>

<sup>1</sup>Text in italics refers to measures added or modified during the fifth review. Except where explicitly noted, the structural measures listed in this matrix do not represent program conditionality.

Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Lower the PIT burden by raising the threshold for nontaxable income up to 100 leva per month and adjusting tax brackets upward.	2001 budget	<b>Done. In 2001 budget.</b>
<b>1.4 Tax, Social Security and Health Insurance administration</b>	Improve collection, enhance enforcement and compliance while reducing compliance costs.	Complete computerization of customs in accordance with the PHARE-supported program document in three phases: <ul style="list-style-type: none"> <li>• Phase 1</li>   <li>• Phase 2</li>   <li>• Phase 3</li> </ul>	December 2000  May 2001 <i>Revised target</i> <i>December 2001</i>  December 2002	<b>Done. All customs offices except for Customs Bureau Gorublyane were covered. Revised in light of the new strategy adopted by the supervisory board of the National Customs Agency.</b>
		Strengthen taxpayers services, including advance rulings.	1999 onward	<b>On track.</b>
		Develop computerization strategy for Unified Revenue Agency.	September 2000	<b>Modified in light of Concept Paper.</b>
		Prepare and submit to the COM legislative amendments to harmonize the bases for the PIT, the social insurance contribution and the health insurance contribution including a common definition of labor income.	September 2000	<b>Partly done. Amendments to the Obligatory Health Insurance Act are adopted by parliament; amendments to the relevant NSSI regulations are drafted but not yet submitted to the COM.</b>
		<i>COM adopt amendments to the NSSI regulation on the components of remuneration to harmonize the bases for the PIT and the social insurance contribution for self insured.</i>	<i>March 2001</i> <b>Structural Benchmark</b>	
		Prohibit the offsetting of tax liabilities against SOE inter-enterprise arrears.	EFF period	<b>On track.</b>
		Implement a selective audit program to control VAT fraud instead of relying on a full audit of each VAT client.	December 1999 onward	<b>On track. A selective audit program has been developed and sent to the tax offices for testing. A software for automatic selection is being developed.</b>
		Review the process of taxpayer registration, submission of processing of returns, collection, audit and taxpayer services to make them compatible with the future processes of the URA	December 2000	<b>Done with delay. Review completed January 15, 2001.</b>
		Initiate joint audits of social contribution and PIT withholdings.	September 2000 <b>Structural Benchmark</b>	<b>Done. 36 audits in six regions. Results are being analyzed and summarized.</b>

<sup>1</sup>Text in italics refers to measures added or modified during the fifth review. Except where explicitly noted, the structural measures listed in this matrix do not represent program conditionality.

Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Develop and start implementing a computerization strategy for GTD.	December 2000	<b>Partly done.</b> A Concept Paper for the information technologies of URA (and TA as part of it) approved by URA Commission on 16 Jan. 2001.
		The URA Commission is to ensure that: (i) A detailed implementation plan is prepared based on the agreed concepts with activities, timelines and projected costs for the first stage. (ii) Formal procedures are established for effective information exchange on an ongoing basis between GTD and NSSI.  (iii) Tax and social insurance forms are streamlined based on a harmonized definition of "labor income" as a common part of the bases for PIT and all social contributions. (iv) Draft legislative amendments are prepared, providing clear criteria for defining the employer-employee relationship, including for self-employed persons and the small business sector. (v) PIT is included in the monthly NSSI withholding form. (vi) A redesigned Annex K for year 2000 is filed with the NSSI. (vii) Staff in the regions and the external community are educated about the project. (viii) A program is developed for acquisition of buildings and rationalization of the current accommodation.	September 2000  December 2000  December 2000 <b>Structural Benchmark</b>  March 2001 <b>Structural Benchmark</b>  December 2000  December 2000  December 2000	<b>Done.</b>  <b>Done.</b> An agreement between GTD and NSSI, providing for exchange of information on annual income and insurance contributions, is signed.  <b>Done.</b> A new income tax return, and a two-page insertion that replaced Annex K for the reconciliation of the income tax bases were prepared.  <b>Not done.</b> Necessary legislative changes were delayed. <b>Done</b> (see (iii)).  <b>Done.</b> Territorial Units Managers kept informed on a regular basis.  <b>Not done.</b> Pending the conclusion of the analysis of the structure of the tax administration and local taxes and fees.
		Provide proper resources and office spaces for the URAC and project team.	2001 budget	<b>Done.</b> The budget of the Commission is part of the MoF 2001 budget. The project team has adequate office space and equipment.
		Prepare an action plan to separate the payment of short term benefits from collection of social insurance contributions.	December 2000 <i>Revised target June 2001</i>	<b>Not done.</b>

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Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Prepare first draft of a strategy to rationalize the structure of tax administration as outlined in the Concept Paper, assessing the need for the 5 regional directorates, concentrating activities connected with the central taxes in the 28 territorial and 5 large taxpayer directorates, and isolating activities connected with municipal taxes and fees.	December 2000	<b>Not done. Pending the conclusion of the analysis of local taxes and fees, review of the business processes, and the future of the large tax payer offices.</b>
		Reduce the refund period for non-exporter VAT taxpayers from 6 to 4 months.	2001 budget	<b>Done. In 2001 budget.</b>
		<i>Recruit experienced IT expert to lead the development of the IT strategy and implement a modern IT system.</i>	<i>March 2001</i>	
		<i>Develop IT strategy, including specifications for hardware, software, networks, and communications, together with an implementation timetable and an estimate of cost.</i>	<i>June 2001</i>	
		<i>Submit a plan to the URA commission to strengthen and streamline the large taxpayer offices' structure.</i>	<i>March 2001</i>	
		<i>Submit a proposal on the structure and accommodation of tax offices to the URA commission, to make them compatible with URA.</i>	<i>June 2001</i>	
		<i>URA Commission to adopt a strategic plan for the next stages of the URA project</i>	<i>June 2001</i>	
		<i>URA Commission to adopt a plan to concentrate the administration of central taxes in 28 district offices and to allocate local tax collection to the other offices.</i>	<i>June 2001</i>	
<b>1.5 Public expenditure</b>	Rationalize government financial management.	Improve the existing treasury functions consistent with recommendations of FAD technical assistance report.	EFF period	<b>On track.</b>
		<i>Issue a tender for handling the Financial Management Information System IT infrastructure and service requirements</i>	<i>October 2001</i>	
		Transfer remaining central government funds with the exception of Type 3 suspense accounts and extra-budgetary accounts for private donations to the single treasury account in the BNB, except where disallowed by donors.	December 2000	<b>Done. All first level accounts and extrabudgetary accounts, with the exception of Type 3 suspense accounts and extra-budgetary accounts for private donations, are in the STA.</b>
		Continue reducing the number of second level spending units.	2001 budget	<b>Done. Second level spending units in the education sector reduced by 300.</b>
		Incorporate the elimination of outstanding municipal expenditure arrears into the 2001 municipal budgets.	2001 budget <b>Structural Benchmark</b>	<b>Done.</b>

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Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Complete consolidation of 90 percent of all leva accounts of government held in the BNB into the Single Treasury Account (including budgetary, extra-budgetary, deposit and suspense accounts).	December 2000 <b>Structural Benchmark</b>	<b>Done. On July 18, 2000, all leva accounts were consolidated.</b>
		Start limited testing of the electronic budgetary payments system.	October 2000	<b>Done.</b>
		Regularly disseminate timely information on central budget execution and composite parts of the consolidated budget.	Continuous	<b>On track. Bi-weekly fiscal figures are disseminated regularly.</b>
		Ensure timely payment of district heating bills by budget-dependent organizations.	September 2000 onward	<b>On track. In the second half of 2000, state transferred funds to municipalities to clear arrears to district heating companies.</b>
	Improve public investment planning.	Update and prepare reports on investment program and its execution on annual and three-year rolling basis.	EFF period	<b>On track. Done in the 2001 budget report.</b>
		In line with Inter-Ministerial Committee recommendations, coordinate the Public Investment Program with the budget preparation process.	June 2000	<b>Done in 2001 budget.</b>
		Create mechanism to ensure incorporating into the budget only cost-effective projects included in the PIP that fall within the external debt ceilings.	2001 budget	<b>Done. Budgeted investments within the external debt ceilings.</b>
<b>1.6.1 Social assistance</b>	Improve equity, targeting, and administration of Social Assistance Program.	Prepare strategy paper on targeting child allowances in consultation with the World Bank.	April 2000	<b>Not done. Strategy still under discussion.</b>
		Council of Ministers approval of a strategy paper on targeting child allowances.	June 2000	<b>Not done.</b>
		Target child allowances.	Budget 2001 onward	<b>Not done.</b>
<b>1.6.2 Pensions</b>	Reform the pension system to improve long-term financial viability and help lower payroll taxes.	Progressively move toward a diversified three-pillar system involving both the public and the private sectors by introducing a second (mandatory) defined-contribution pension scheme for new entrants; and establishing a third pillar with one or more voluntary defined-contribution schemes, including occupational funds.	EFF period	<b>On track. Preparations are ongoing for launching second pillar on January 1, 2002.</b>
		Complete the licensing of voluntary pension funds registered by June 2000.	September 2000	<b>Done by end-2000.</b>
		<i>Review the pay-as-you-go system annually, with a view to adjusting the parameters to maintain the viability of the system.</i>	<i>2001 onward</i>	
		<i>Continue to develop the regulatory framework and supervisory capacity in the pension system.</i>	<i>2001</i>	

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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
1.6.3 Health	Rationalize and make more cost-effective supply of public health services.	Implement health insurance system.	2000-01	<b>On track. Preparations are ongoing for launching hospital care reform in July 2001.</b>
		Sign individual contracts with outpatient health providers.	June 2000	<b>Done.</b>
		The Ministry of Finance, the National Social Security Institute, the Health Insurance Fund, and the Ministry of Health to jointly formulate a detailed plan to finance the next stage in hospital care from mid-2001.	December 2000 <b>Structural Benchmark</b> <i>Revised target March 2001</i>	<b>Not done. A framework plan prepared in November 2000, and a detailed plan is being drafted for discussion.</b>
		<i>MOL, MOH and MOF to issue wage guidelines for 2001 aimed at preventing cost escalation.</i>	March 2001 <b>Structural Benchmark</b>	
2. Labor Market Policies		Ensure that the 121 closely monitored state-owned enterprises subject to a wage bill freeze keep their wage bill as a group for the third quarter (end-September test date) and fourth quarter (end-December test date) of 2000 under the level of the base wage bill, which is their aggregate wage bill in the third quarter of 1999. Within this total ceiling, no more than 10 percent of these enterprises may exceed their individual wage bill ceilings unless their total wage bill remains below 10 percent of the aggregate wage bill of all the enterprises on the list. Excluded from the list for both test dates will be those enterprises that are privatized, or ceased operations, and those that had profits in 1999 and the first two quarters of 2000, unless they are monopolies. If an enterprise is excluded from the list, the base wage bill will be reduced by the amount of that enterprise's wage bill in the third quarter of 2000.	September 2000 and  December 2000  <b>Structural Performance Criteria</b>	<b>Done.</b>  <b>Done. The group's total wage bill was reduced by 9.4 percent between the third quarter of 1999 and the fourth quarter of 2000. Out of 90 enterprises that remained on the list, only 8 violated the wage bill freeze, and their combined wage bill amounted to only 3.3 percent of the total wage bill.</b>
		<i>Ensure that 60 closely monitored state-owned enterprises keep their wage bill as a group for the first quarter (end-March test date) of 2001 under the level of the base wage bill, which is their aggregate wage bill in the third quarter of 2000 plus 5 percent. Within this total ceiling, no more than 10 percent of these enterprises may exceed their individual wage bill ceiling, which is their individual wage bill in the third quarter of 2000 plus 5 percent, unless their total wage bill remains below 10 percent of the aggregate wage bill of all the enterprises on the list. Excluded from the list for the test date will be those enterprises that have been privatized, or ceased operations, and those that had profits in 2000, unless they are monopolies, have arrears, or receive state subsidies. If an enterprise is excluded from the list, the base wage bill will be reduced by</i>	<i>End-March 2001</i> <b>Structural Performance Criterion</b>	

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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		<i>the amount of that enterprise's wage bill in the third quarter of 2000.</i>		
		Substantially increase the flexibility in enforcing employment and investment clauses in existing privatization contracts and in formulating new ones to enable privatized enterprises to adapt to market conditions.	February 1, 2000 onward	<b>On track.</b>
<b>3. Structural Reform</b>				
<b>3.1 Privatization and enterprise restructuring</b>				
<b>3.1.1 Enterprise privatization</b>		Sell or irreversibly put up for sale through the centralized mass privatization auctions or other means residual state-owned shares in nonstrategic companies privatized by end-1999 net of those shares held due to restitution or legal proceedings or reserved for employees. In addition to these exclusions, there will be no more than 20 enterprises with remaining state-owned shares.	December 2000 <b>Structural Benchmark</b> <i>Revised target December 2001</i>	<b>Partly done. 70 enterprises privatized by end 1999 still have residual shares.</b>
		Residual shares in enterprises privatized from January 1, 2000 will be sold within six months of their privatization under the above-mentioned conditions.	Continuous	<b>On track.</b>
		COM to amend regulation to allow privatization bodies to publish main parameters of all bids of interested buyers after a sale is completed.	September 2000 <b>Structural Benchmark</b>	<b>Done.</b>
		Complete the sale of assets of Group B enterprises entered into liquidation.	December 2000 <b>Structural Benchmark</b> <i>Revised target June 2001</i>	<b>Partly done. In 2000 assets of 5 out of 14 enterprises were sold.</b>
<b>3.1.2 Financial discipline and transparency</b>	Increase financial transparency.	Implement enhanced disclosure requirements for nonfinancial enterprises.	June 2000	<b>Not done. Will be implemented in the context of further improving accounting standards.</b>
		Enactment by parliament of legislation to expedite the completion of bankruptcy proceedings, including for state-owned enterprises.	September 2000 <b>Structural Benchmark</b>	<b>Done with delay on Oct 13, 2000.</b>
		Implement the clarifying interpretation of the discount factor for MEBO bids offering deferred payment schemes to require proper calculation of discounted value of deferred payments.	March 2000 onward	<b>On track.</b>
		No new commercial bank lending to BDZ from June 30, 1999	Continuous	<b>On track.</b>

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Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Implement BDZ Financial Rehabilitation Plan adopted by the COM in November 1999, keeping subsidies within the parameters agreed with the IMF and without incurring arrears.	2000-01	<b>On track. Measures implemented according to the plan through mid-2000, but higher-than-projected energy costs resulted in increased subsidy needs. Additional measures taken in response as listed below.</b>
		Sell non-operational assets of BDZ worth at least 20 million leva.	December 2000 <i>Revised target. June 2001</i>	<b>Partly done. Assets worth 3.6 million lev sold and assets worth 7 million leva offered for sale.</b>
		Cut operations and maintenance spending and achieve additional savings in labor costs equivalent to 9 million leva.	December 2000	<b>Done.</b>
		<i>Raise BDZ's freight tariffs by 20 percent, with an estimated revenue impact of 35 million leva in 2001.</i>	<i>January 2001</i>	<b>Done.</b>
		<i>Raise BDZ's passenger tariffs by 15 percent with an estimated revenue impact of 11 million leva in 2001.</i>	<i>February 2001</i>	<b>Done.</b>
		<i>Cut operations and maintenance spending in line with the special 2001 Action Plan to achieve savings equivalent to 24 million leva.</i>	<i>2001</i>	
<b>3.1.3 Business Climate</b>		Publish information on tax regimes and administrative regulations applying to the opening and operating of businesses on the government website. Publicize the availability of this information.	December 2000	<b>Done.</b>
		Undertake a review of the progress made so far in reducing the number of licensing regimes by each ministry. Determine new targets for 2001.	December 2000	<b>Done.</b>
		<i>Remove 40 licensing requirements.</i>	<i>June 2001</i>	
		<i>Expand the "one-stop shop" program to all municipalities</i>	<i>June 2001</i>	
		<i>Submit to parliament amendments to the Civil Procedure Code to strengthen creditors rights.</i>	<i>March 2001</i>	
<b>3.2 Energy Sector Reform</b>		According to the Energy Action Plan: <ul style="list-style-type: none"> <li>. Adjust electricity tariffs</li> <li>. Liberalize the prices of: <ul style="list-style-type: none"> <li>- briquettes</li> </ul> </li> <li>. Phase out state subsidies for coal mining.</li> <li>. Cease mining operations in non-viable sections of coal mines.</li> </ul>	Continuous  October 2000  December 2001  December 1999	<b>Revised (see below).</b>  <b>Done September 2000.</b>   <b>Done, mining operations ceased in 9 sections.</b>
		Complete the preparation for liquidation or privatization of remaining unviable coal mine sections.	September 2000	<b>Done.</b>

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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Enter additional 3 coal mine sections into liquidation.	November 2000	<b>Done.</b>
		Submit tender documents to Privatization Agency for accelerated privatization for 7 coal mines.	December 2000	<b>Done.</b>
		<i>Proceed with technical liquidation except for sections of mines for which private investors have expressed interest.</i>	<i>June 2001</i>	
		According to the electricity sector restructuring program: . Continue to adjust average electricity tariffs to cover a large part of the ongoing investment program out of retained earnings and attract private interest to the sector . Implement privatization of distribution activities	EFF period  December 2001	<b>Off-track. Price increases since summer 2000 behind original schedule. Revised (see below)</b>
		<i>Submit to COM and parliament a strategy to privatize the electricity distribution companies.</i>	<i>2001</i>	
		Liberalize household gas supply sector.	EFF period	<b>On track.</b>
		<i>Submit to COM and parliament a strategy to privatize the gas distribution companies.</i>	<i>2001</i>	
		Submit to parliament the draft package of amendments to the Energy Law agreed with the World Bank.	September 2000 <b>Structural Benchmark</b> <i>Revised Target</i> <i>Prior Action for Fifth Review</i>	<b>Not done.</b>
		<i>Parliament to approve amendments to the Energy Law agreed with the World Bank.</i>	<i>May 2001</i> <b>Structural Benchmark</b>	
		Appoint qualified auditors to complete a diagnostic audit of the opening financial statements and internal controls of the newly created power sector enterprises.	August 2000	<b>Done. A list of certified accountants who will perform a full audit was approved.</b>
		Complete audit of the opening financial statements and internal controls of the newly created power sector enterprises.	December 2000 <i>Revised target</i> <i>June 2001</i>	<b>Not done.</b>
		Put in place individual contracts between NEK and the generation and distribution companies, consistent with NEK's demand forecast and approved legislation.	September 2000	<b>Done.</b>
		Ensure that NEK does not enter into power purchase agreements with terms longer than one year unless approved by the standing commission appointed by the Prime Minister.	From July 1, 2000 through end-2001 <b>Structural Benchmark</b>	<b>On track. NEK has not signed any long-term power purchasing agreement.</b>
		Reduce the average cost of electricity purchased by the Single	From July 2000	<b>On track.</b>

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Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Buyer by purchasing electricity from the least-cost suppliers.	onward	
		Complete drafting the full set of secondary legislation to the Energy Law.	December 2000	<b>Not done. A number of regulations are still pending and their finalization depends on the approval of amendments to the Energy Act.</b>
		Monitor monthly the implementation of the business plans of the newly formed companies from NEK.	July 2000 onward	<b>On track.</b>
		Reduce technological losses of electricity sector companies by 70 million leva.	December 2000	<b>Done.</b>
		Adopt all secondary legislation related to the Energy Law as amended.	March 2001 <i>Revised target June 2001</i>	<b>Not done.</b>
		Implement Bulgargaz Rehabilitation Plan adopted by COM.	2000-01	<b>On track.</b>
		Introduction of differentiated prices and tariffs for transport and distribution of natural gas.	December 2000	<b>Not done. Requires approval of amendments to the Energy Act.</b>
		COM will adopt a program with the objective of attracting strategic private investors to develop the gas distribution market according to Bulgargaz rehabilitation plan.	September 2000	<b>Not done. Requires approval of amendments to the Energy Act.</b>
		Cut off gas and electricity to state-owned enterprises who do not pay bills on time.	EFF period	<b>On track.</b>
		Improve revenue collection of Bulgargaz to 95 percent.	December 2000 <i>Revised target March 2001</i>	<b>Collection rate at the end of 2000 was 93 percent.</b>
		Do not use transit revenues of Bulgargaz to offset customer arrears.	July 2000 onward	<b>Being observed.</b>
		Install control and metering devices in all substations supplied by district heating companies outside Sofia.	September 2000	<b>Done.</b>
		Install control and metering devices in all substations supplied by Sofia district heating companies.	June 2001 <i>Revised target September 2001</i>	<b>Plan revised.</b>
		Supply heat on the basis of a single general contract between building occupants and DHCs with effect from November 1, 2000.	September 2000	<b>Not done. Will be allowed by the pending amendments to the Energy Act.</b>
		Enable district heating companies to disconnect buildings which are not cost-effective to supply with heat, or in which more than 50 percent of building space has been disconnected.	September 2000	<b>Not done. Requires approval of amendments to the Energy Act.</b>
		Implement a two-component district heating tariff (a fixed capacity charge for all building occupants, and a variable charge according to actual heat consumption), with effect from	December 2001	

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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		January 1, 2002.		
		Until the implementation of the two-component tariff, apply an obligatory fixed payment for disconnected volumes in connected buildings with effect from November 1, 2000.	September 2000 <b>Structural Benchmark</b>	<b>Not done. Requires approval of amendments to the Energy Act.</b>
		COM to adopt: (i) a decision to withdraw direct and indirect central government subsidies from 3 DHCs before the 2000-01 heating season; and (ii) a decision identifying 5 DHCs from the remaining 19 DHCs from which all central governments subsidies will be withdrawn effective July 1, 2001. The final draft of the 2001 budget will incorporate these decisions.	September 2000 <b>Structural Performance Criterion</b>	<b>Done.</b>
		Close down uneconomical services in the remaining 14 DHCs.	June 2001	
		Agree with the municipalities in cities with district heating companies on sharing DHCs financial burden.	September 2000 <i>Revised target June 2001</i>	<b>Not done. Discussions with municipalities are ongoing.</b>
		Determine which DHC ownership to transfer to the respective municipalities.	December 2000 <i>Revised target June 2001</i>	<b>Not done. Discussions with municipalities are ongoing.</b>
		Refrain from merging DHCs with other state-owned enterprises.	July 1, 2000 onward	<b>On track.</b>
<b>3.3 Financial Sector Reform</b>		Reduce minimum reserve requirement ratio from 11 percent to 8 percent.	July 1, 2000	<b>Done.</b>
		Enforce compliance with prudential regulations and implement strategy to bring offending banks into compliance, including the right for the BNB to require prompt corrective action.	Continuous <b>Structural Benchmark</b>	<b>On track.</b>
		Implement a program to further develop banking supervision.	1998-2000	<b>Done.</b>
		Further enhance the quality of quarterly reports on compliance and the condition of the banking system.	December 2000	<b>Done.</b>
		The Banking Supervision Department to maintain regular meetings with banks' managements.	Continuous	<b>On track.</b>
		Close the tender on hiring a supervisor to manage the projects related to BISERA 4.	October 2000	<b>Not done. The project BISERA 4 has been cancelled and replaced by another project to introduce an RTGS system, a tender for the project is being prepared.</b>
		Link the system developments within the institutions involved in the payment system.	December 2000	<b>Not done. The terms of reference have been adjusted to reflect the switch from the BISERA 4 system.</b>

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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		Launch the next generation payment system BISERA 4.	2001	<b>Revised in view of the decision not to continue the BISERA system (see below).</b>
		<i>Launch the RTGS system.</i>	<i>2001</i>	
		Prepare and adopt secondary legislation related to the law on electronic signature.	December 2000	<b>Not done. Working Groups at the State Telecommunications Commission have been set up to draft the regulations.</b>
		Expand the coverage of the credit registry to include information on credits from abroad.	September 2000	<b>Done.</b>
		Refrain from issuing bearer bonds.	Continuous	<b>On track.</b>
		Issue government securities with a view to: · Maintaining sufficient stock of government security collateral in the interbank market · Avoiding liquidity shocks stemming from large movements in government accounts, coordinating with the BNB · Lengthening the maturity structure of lev-denominated domestic debt.	2001 onward	<b>On track. The 2001 schedule envisages a slight increase in the net stock of government securities and lengthening of their maturity.</b>
		Issue a new tender to sell Biochim.	September 2000 <b>Structural Performance Criterion</b>	<b>Done.</b>
		Sign the sale contract of Biochim.	March 2001 <i>Revised target April 2001</i>	<b>Target revised in light of the tender results.</b>
		Transform the State Savings Bank (SSB) into a full commercial bank.	December 2000	<b>Done. Has been brought fully under the legal and regulation framework governing commercial bank activity.</b>
		SSB: · Start improving branch network · Introduce foreign exchange services on a pilot basis · Upgrade the information system.	September 2000 September 2000 2000-2001	<b>Done. Done. On track.</b>
		Design a new administrative system for bank insolvencies and submit necessary draft legislation to parliament.	September 2000	<b>Done.</b>
		Increase the capacity of the DIF to adequately handle insolvent banks.	September 1999 and onward	<b>On track.</b>
		Submit to the Council of Ministers draft amendments to the Law on Deposit Insurance to improve its effectiveness.	September 2000	<b>Done.</b>
		Provide regular information on deposit distribution of the commercial banks to the Deposit Insurance Fund.	September 1999 onward	<b>On track.</b>
		<i>Transfer the state's share in the Central Cooperative Bank to the Bank Consolidation Company.</i>	<i>April 2001</i>	<b>On February 12, 2001 the COM agreed to the transfer.</b>

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Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
<b>3.4 Agricultural Policies</b>	Liberalize agricultural markets.	Conduct State Reserve or other government purchases and sales of grain at market prices through competitive tender or the commodity exchange.	Continuous	<b>Being observed.</b>
		Set quantitative limits for long-term lending extended by the SFA. Reduce total new short-term financing provided by SFA in 2000, and continue reducing it thereafter. Limit for long-term lending in 2000, including loan guarantees, set at 50 million leva. Limit for short-term lending in 2000 set at 30 million leva.	EFF period	<b>Done. Loans of long-term lending limited to 27 million leva in 2000, with guarantees of 11 million leva.</b>
		Complete restitution and titling of agricultural land.	December 2000	<b>Done. 99.7 percent land restituted as of end-December 2000.</b>
		Establish an Agency for the Cadastre to implement the parcel-based registration system for land.	December 2000	<b>Done.</b>
		Include any SFA guarantee on commercial bank credit against warehouse receipts in the SFA's lending ceilings.	Continuous	<b>Being observed.</b>
		Complete privatization or enter into liquidation long-term assets under the jurisdiction of the Ministry of Agriculture that have been slated for privatization, except for those transferred from other Ministries.	December 2000 <i>Revised target March 2001.</i>	<b>Delayed. 76 percent done.</b>
		Reduce the stake of state entities in the Central Cooperative Bank to under 33 percent.	September 2000 <i>Revised target April 2001.</i>	<b>Not done.</b>
		State entities will be excluded from subscribing to future share issues or capital increases in the Central Cooperative Bank.	Continuous	<b>On track.</b>
<b>3.5 Statistical Issues</b>	Improve the statistical base for macroeconomic decision making.	Improve quality, consistency, and timeliness of: . PPI . Quarterly GDP . External trade statistics; balance of payments; and external debt, especially the coverage of private sector transactions . Revise historical (1995-97) balance of payments statistics according to the new methodology in trade and services.	December 2001 December 2000 March 2000 onward  September 2000	<b>On track.</b> <b>Done.</b> <b>On track.</b>  <b>Done.</b>
		Fully implement GDDS.	December 2000	<b>Since May 2000, participates in the GDDS and metadata posted on the Data Standards Bulletin Board.</b>
		Use the GDDS as the framework for the development of statistics.	Continuous	<b>On track.</b>
<b>4. External Sector Policies</b>				

<sup>1</sup>Text in italics refers to measures added or modified during the fifth review. Except where explicitly noted, the structural measures listed in this matrix do not represent program conditionality.

Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
4.1 Trade Policy		Refrain from introducing new temporary tariff exemptions and temporary tariff quotas.	July 31, 1998 Ongoing <b>Structural Benchmark</b>	Being observed.
		Reduce import tariffs for refined fuel products.	EFF period	Being observed. Reduction envisaged during 2001, would only be in the context of free trade agreements.
		Issue a 2001 Trade Decree (to take effect on January 1) that lowers MFN tariffs for non-agricultural goods to 10 percent (average) and for agricultural goods to 22 percent (average).	December 2000 <b>Structural Benchmark</b>	Done.
		Reduce the number of tariff bands to 22 by January 1, 2001.	December 2000	Done. Number of tariff bands reduced from 25 to 22.
		Issue tenders for the privatization of the remaining 5 state trading companies with foreign trading operations.	June 2000	Partly done. Privatization tenders announced for 3 companies—legal obstacles caused delays in remaining 2 companies that no longer have trading operations.
		Complete privatization of all 33 state trading companies with foreign trading operations.	December 2000	Partly done. Most companies are privatized or liquidated, but privatization tenders of some companies failed.
		<i>Develop a multi-year schedule to gradually harmonize the trade policy with that of the EU.</i>	<i>September 2001</i>	
4.2 Debt Management	Improve debt management.	Refrain from a conversion of outstanding privatization vouchers into government debt.	Continuous <b>Structural Benchmark</b>	On track.
		Submit the draft Sovereign Debt Law to COM.	September 2000	Done. Draft law in parliament.
		BNB and MOF to agree on terms of reference for Joint Committee to improve coordination between the two institutions on cash and debt management issues.	August 2000	Done. Committee in place.
		Joint Committee for cash and debt management to begin meeting on a monthly basis to discuss relevant debt and asset management issues.	October 2000	Done. Committee meets on a monthly basis. Four meetings have been held to date.
		Develop a plan to improve fiscal risk assessment of government-guaranteed debt.	September 2000	Done. The system is being developed. It covers procedures and criteria for the selection of projects to be financed with government guarantees.
		Begin implementing fiscal risk assessment plan.	March 2001	
	Finish implementing the first stage of system for management of public debt.	December 2000	Done.	

<sup>1</sup>Text in italics refers to measures added or modified during the fifth review. Except where explicitly noted, the structural measures listed in this matrix do not represent program conditionality.

Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures  
Under the EFF-Supported Program, 1999-2001<sup>1</sup>

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Implementation Status
		<i>Assess operation of the first stage of the debt management strategy and prepare an action plan for 2001.</i>	December 2000	<b>Done.</b>
		<i>Develop a 3-year plan regarding the contracting of public debt, specifying the level of aggregate external and domestic debt as well as various categories of debt.</i>	March 2001	

<sup>1</sup>Text in italics refers to measures added or modified during the fifth review. Except where explicitly noted, the structural measures listed in this matrix do not represent program conditionality.