

Bulgaria: Summary and Timetable for Macroeconomic and Structural Measures
Under the EFF-Supported Program, 1998–2001

Policy Area	Objectives and Targets	Selected Strategies and Measures	Implementation	Technical Assistance	Agency Responsible
1. Fiscal Sector					
1.1 Overall fiscal stance	Ensure fiscal sustainability and support CBA arrangement	<ul style="list-style-type: none"> Maintain a broadly balanced budget, except for possible transitional costs of structural reforms and adequate provision for infrastructure investment 	EFF period		MOF
		<ul style="list-style-type: none"> Maintain adequate balance in the Fiscal Reserve Account (FRA) 	EFF period		MOF
1.2 Fiscal transparency	Redefine the boundaries of the government sector	<ul style="list-style-type: none"> Incorporate quasi-fiscal costs of restructuring or liquidating state-owned enterprises and include any support provided to enterprises explicitly in the budget 	Budget 1999–onwards		COM, MOF
		<ul style="list-style-type: none"> Substantially reduce number of first level spending units 	Budget 1999		COM, MOF
		<ul style="list-style-type: none"> Establish a public register for government guarantees Include in the annual budget law limits on the total amount of outstanding government guarantees and on the amount of new guarantees extended 	Done, July 1998 Budget 1999		COM, MOF
		<ul style="list-style-type: none"> Separate commercial activities from the budget; corporatize and privatize these activities, where appropriate 	EFF period		MOF
		<ul style="list-style-type: none"> Eliminate earmarking of privatization receipts under the Privatization Law, except those allocated to privatization expenses 	Budget 1999		COM, MOF
		<ul style="list-style-type: none"> Eliminate earmarking of budgetary revenue by amending all the necessary legislation 	Budget 1999 Structural PC		COM, MOF
	Improve information on fiscal activity of the government	<ul style="list-style-type: none"> Consolidate the largest extra-budgetary funds (EBFs) into the budget on a gross basis (list to be agreed with IMF staff and reflected in definition of FRA for programming purposes); include government guarantees and other contingent liabilities in budget documentation subject to parliamentary approval 	Budget 1999 Structural Benchmark		MOF
	Enhance government sector accountability	<ul style="list-style-type: none"> Reduce the number of extrabudgetary funds and accounts, starting with the Energy Resource Fund (ERF) and the SFRD with the 1999 budget. No new EBFs will be established 	Budget 1999–onwards Structural Benchmark		COM, MOF

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		<ul style="list-style-type: none"> Amend government chart of accounts and adopt new reporting requirements as recommended in FAD technical assistance report 	1999		MOF
1.3 Tax policy	Improve the efficiency of the tax system	<ul style="list-style-type: none"> The COM shall adopt a decision to remove existing tax preferences from the Foreign Investment Act. Consistent with understandings reached with IMF staff, the COM will submit to parliament any necessary changes in tax legislation related to the tax treatment of investment as proposed by FIAS. 	Prior Action	IMF, FIAS	COM, MOF
		<ul style="list-style-type: none"> Remove link between deductible allowances and the minimum wage under the Personal Income Tax, Art. 20(2) and those proposed in the draft Voluntary Pension Insurance Act, Art. 91(1); set deductible allowances in fixed amounts in leva 	Budget 1999 Structural PC		COM, MOF
		<ul style="list-style-type: none"> Reject tax and customs preferences and exceptions proposed in the following legislation: <ul style="list-style-type: none"> Public Offering of Bonds Act Bee-Keeping Act Tourism Act Draft Steel Act Voluntary Pension Insurance Act (Art. 92) Stock Exchange and Market-Places Act Draft bill for Agricultural and Forest Equipment Act Draft bill for Power Efficiency and Renewable Power Sources 	Budget 1999 Structural PC		COM, MOF
		<ul style="list-style-type: none"> Prohibit the offsetting of tax liabilities outside the Tax Procedure and State Receivables Act in the budget law. Refrain from any further offsetting operations in 1998 	Budget 1999–onwards Structural PC		COM, MOF
		<ul style="list-style-type: none"> Establish a schedule through end-1998 to reduce large tax debtors' outstanding tax arrears as of June 1998 Enterprises under the isolation program will not be allowed to increase their outstanding tax arrears as of June 1998 Reduce tax arrears according to agreed schedule 	Done, July 1998 PC PC		MOF
		<ul style="list-style-type: none"> Harmonize VAT law with EU requirements and reduce the scope of the existing exemptions, but maintain a single rate 	October 1998 (effective January 1, 1999)		MOF

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		<ul style="list-style-type: none"> If and when overall fiscal situation permits, progressively reduce the tax burden 	EFF period		MOF
		<ul style="list-style-type: none"> Establish a tax policy unit in the Ministry of Finance, outside the tax administration department 	1999–onwards		MOF
1.4 Tax administration	Improve collection, enhance enforcement and compliance while reducing compliance costs	<ul style="list-style-type: none"> Technical requirements and action plan, including detailed timetable, to implement Unified Identification Number (UIN) prepared by Working Group and approved by COM Implement UIN in the tax, customs, social security administrations, the National Statistical Institute (NSI), and other major government agencies. 	<p>Prior Action</p> <p>Structural PC January 1, 1999</p>	IMF	<p>COM, NSI</p> <p>COM, NSI</p>
		<ul style="list-style-type: none"> Computerization of LTOs and elimination of double reporting lines from LTOs to Regional Tax Offices (RTOs) and the General Tax Administration Directorate (GTAD) 	December 1998	IMF expert	MOF
		<ul style="list-style-type: none"> Computerization of GTAD and Customs 	December 1999	EU Phare	COM, MOF
		<ul style="list-style-type: none"> Make the five existing Large Taxpayers Offices (LTOs) fully operational by concentrating all identified large taxpayers in the LTOs, reallocating personnel in the existing 19 satellite units Consistent with IMF staff advice, reorganize tax administration along functional lines, legalize tax jurisdiction of LTOs, and strengthen collection enforcement capacity by amending the Tax Administration Act, the Tax Procedure Act, and the State Receivables Act 	<p>Prior Action</p> <p>Amendments passed by Dec. 1998 (effective January 1, 1999)</p> <p>Structural PC</p>	<p>IMF</p> <p>US Treasury expert, follow-up IMF TA mission from HQ</p>	<p>MOF</p> <p>MOF</p>
		<ul style="list-style-type: none"> Develop a collection strategy, including enforcement, audit, and fraud investigation concurrently with the amendments of the above mentioned legislation 	1999–onwards	US Treasury expert	MOF
		<ul style="list-style-type: none"> Strengthen taxpayers services, including advance rulings 	1999–onwards		MOF

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1.5 Public expenditure	Rationalize government financial management and shift expenditure controls from ex-post cash control to ex-ante authorization and commitment	<ul style="list-style-type: none"> Improve the existing treasury functions consistent with recommendations of FAD technical assistance report 	EFF period	IMF resident expert, OECD	MOF
		<ul style="list-style-type: none"> Improve reporting on domestic and external debt and integrate domestic and external debt management functions 	1999	IMF, US Treasury, World Bank	MOF
	Rationalize expenditure policy	<ul style="list-style-type: none"> Review efficiency/effectiveness of major expenditure programs 	1999; EFF period	World Bank	MOF
	Improve public investment planning	<ul style="list-style-type: none"> Update and prepare reports on investment program and its execution on annual and three-year rolling basis 	Budget 1999; EFF period	World Bank	MOF
	Civil service reform	<ul style="list-style-type: none"> Review and amend civil service statute and compensation system to enhance transparency and accountability and insulate civil service from political interference; further reduce overstaffing 	1999–2000	World Bank	COM, MOF
2. Social Security					
2.1 Social assistance	Improve equity, targeting, and administration of Social Assistance Program	<ul style="list-style-type: none"> Consolidate current fragmented social assistance system and improve targeting 	Budget 1999–2000	World Bank SPAL, USAID	MOL, MOF
2.2 Pensions	Reform the pension system to improve long-term financial viability and help lower payroll taxes	<ul style="list-style-type: none"> Develop a plan for reform of the existing pay-as-you-go system, including raising minimum retirement age, sharply reducing eligibility for early retirement, and progressively introducing a closer link between benefits and actual lifetime contributions 	1998–99	World Bank SPAL, USAID	MOL, MOF
		<ul style="list-style-type: none"> 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	World Bank SPAL, USAID	MOL, MOF

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2.3 Health	Rationalize and make more cost-effective supply of public health services	<ul style="list-style-type: none"> Prepare the groundwork for effective and efficient implementation of the Law on Health Insurance by continued rationalization of health facilities, including a reduction in overstaffing and the excess capacity of beds, and by strengthening institutional capabilities at central and local health facilities Implement health insurance system 	1998–99 2000–01	World Bank SPAL, World Bank Health Sector Restructuring Loan	MOH, MOF
3. Financial Sector					
3.1 Banking supervision	Ensure soundness of banking system	<ul style="list-style-type: none"> Ensure that all banks meet the 8 percent capital adequacy ratio 	Prior Action		BNB
		<ul style="list-style-type: none"> Capital adequacy ratio to increase to 12 percent in steps 	End-1998 (10%), End-1999 (12%) Structural benchmark		BNB
		<ul style="list-style-type: none"> Revoke the license of all banks that do not meet the increased minimum capital requirement (leva 10 billion) by end-August, 1998 	Prior Action		BNB
		<ul style="list-style-type: none"> Review regulation on open foreign exchange positions and compliance with transitional arrangements Review and amend regulations on large loan exposures 	1998 Q4	MAE (existing recommendations)	BNB
		<ul style="list-style-type: none"> Adopt regulations on consolidated supervision 	1999 Q1	MAE	BNB
		<ul style="list-style-type: none"> Adopt guidelines on interest rate risk in banking supervision manual 	1998 Q4	MAE	BNB
		<ul style="list-style-type: none"> 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 (PCA) 	Continuous Structural benchmark	MAE/EU1	BNB
		<ul style="list-style-type: none"> Establish internal guidelines for PCA in accordance with action plan 	Done, July 1998	MAE/EU1	BNB
		<ul style="list-style-type: none"> Present quarterly compliance and enforcement reports Present report for quarter ending June 1998 	Quarterly Prior Action		BNB

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		<ul style="list-style-type: none"> • Implement a program to develop further banking supervision 	1998–2000	MAE/EU1	BNB
		<ul style="list-style-type: none"> • Encourage more frequent and comprehensive financial disclosure by banks 	1998 Q4		BNB
3.2 Banking sector	Establish a competitive banking system	<ul style="list-style-type: none"> • Privatize remaining state banks: <ul style="list-style-type: none"> . Appoint privatization advisor for Expressbank . Appoint privatization advisor for Bulbank . Complete negotiations on Postbank . Complete enhanced supervisory audit for Hebrosbank . Define strategy for Hebrosbank . Begin management contract for Biochim . Issue tender for Expressbank . Issue tender for Bulbank . Privatize Hebrosbank . Privatize Biochim 	1998–2000 Prior Action Prior Action Done, Aug. 1998 Done, July 1998 August 1998 September 1998 October 1998 November 1998 Structural benchmark 1999 2000		BCC
		<ul style="list-style-type: none"> • Expedite liquidation of closed banks, and adopt any required legislative changes 	1999 Q1		BNB, COM, MOF
		<ul style="list-style-type: none"> • State Savings Bank (SSB): <ul style="list-style-type: none"> . Sign a Memorandum of Understanding with the BNB defining restrictions on activities . Complete supervisory audit, adjust MOU as needed, and issue restricted license . Achieve compliance with reporting requirements for banking supervision . Begin implementing technical assistance program to upgrade SSB capacity . Begin implementing privatization strategy 	August 1998 1998 Q3 1998 Q3 1998 Q3 2000	EU	BNB
		<ul style="list-style-type: none"> • Reduce and eliminate government intervention in credit markets 	1998–99		COM
	Remove impediments to bank intermediation (in consultation with IMF staff)	<ul style="list-style-type: none"> • Review and amend law on: <ul style="list-style-type: none"> . Registered pledges . Banking . Bankruptcy 	1998 Q4	MAE (existing recommendations)	BNB

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		<ul style="list-style-type: none"> Ensure proper functioning of registers of pledges and credits 	1998 Q3		BNB, MOJ
		<ul style="list-style-type: none"> Improve accounting, auditing, and certification of accounts for enterprises 	1998–99		MOF
		<ul style="list-style-type: none"> Streamline court procedures for realization of collateral 	1998		COM
3.3 Nonbank financial sector	Upgrade nonbank financial sector to Western European standards	<ul style="list-style-type: none"> Create appropriate regulatory framework for pension funds and submit amendments to the draft Pension Law including (i) legal separation of assets of the pension fund and of the pension fund manager; (ii) legal separation of cash and voucher funds; (iii) for cash funds, establishment of a minimum level of 50 percent on the share of investments in government securities; and (iv) limiting investment in equity to shares listed on the regulated segment of the Stock Exchange. 	1998 Q4 Structural benchmark		COM, MOL
		<ul style="list-style-type: none"> Establish adequate supervision over nonbank financial institutions not subject to supervision by BNB 	1998 Q4		COM
		<ul style="list-style-type: none"> Modernize legal and regulatory framework for securities and secure enforcement (law/SSEC): <ul style="list-style-type: none"> Pass amendments to law on securities Issue rules and bylaws provided for in the law on securities Develop database for the SSEC Provide training for experts 	1998	Bilateral (FR, UK)	SSEC
		<ul style="list-style-type: none"> Improve information exchange among BNB, SSEC (SSC), and nonbank financial institutions 	1998–99		BNB
	Liberalize capital account to increase integration of Bulgaria in global financial system	<ul style="list-style-type: none"> Review regulations on capital account transactions and develop a phased plan for further opening of capital account Implement plan 	1999 Q1 1999–2001		BNB, MOF
3.4 BNB	Safeguard assets of issue department	<ul style="list-style-type: none"> Improve foreign exchange management 	1998–99	MAE	BNB

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4. State Enterprise Sector					
4.1 Enterprise privatization	Expedite privatization	<ul style="list-style-type: none"> • Sign contracts with privatization consultants as agreed under the 1997 Stand-by Arrangement 	Prior Action		PA
		<ul style="list-style-type: none"> • To ensure adequate progress in privatization of large enterprises: <ul style="list-style-type: none"> . Provide written clarification to PATA agents defining their responsibilities . Submit to parliament a draft law that creates a legislative basis for reducing Zunk-related debts of enterprises at the time of privatization . Accelerate environmental audits for enterprises in which prospective buyer will take on responsibility for repair of environmental damage . Redefine threshold to account for revaluation of assets 	July 1998 Prior Action		PA, COM
		<ul style="list-style-type: none"> • Submit to parliament a draft amendment to the Restitution Law to allow restitution payments in the form of privatization vouchers for enterprises that have been privatized, and shares or vouchers for those not yet privatized 	August 1998		PA, COM
		<ul style="list-style-type: none"> • Remove remaining restrictions on debt-equity swaps 	1998 Q3		PA, COM
		<ul style="list-style-type: none"> • Privatize or liquidate 50 percent of enterprises under the responsibility of line ministries and municipalities (in terms of fixed assets) 	1999 Q1		PA, COM
	Enhance the transparency of the privatization process	<ul style="list-style-type: none"> • Refrain from setting a binding minimum price for auctions with more than one bidder 	1998 Q3 Ongoing		PA, COM
		<ul style="list-style-type: none"> • Announce a minimum list of fixed assets to be sold through voucher privatization prior to the first centralized auction 	1998 Q3		PA, COM
		<ul style="list-style-type: none"> • Remove preferences for MEBOs by introducing appropriate discount factors in the valuation of their bids involving deferred payments. Establish list of enterprises not eligible for MEBOs. 	1998 Q3		PA, COM
		<ul style="list-style-type: none"> • Streamline the procedures for granting concessions and make them compatible with the privatization process 	1998 Q3		PA, COM

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		<ul style="list-style-type: none"> Ensure timely and accurate recording in the central share registry of all ownership changes including from mass privatization 	1998 Q3		PA
		<ul style="list-style-type: none"> Sell off residual state-owned shares in privatized companies 	6/30/99		PA, COM
	Refrain from undertaking policy decisions that hamper privatization	<ul style="list-style-type: none"> Redraft the Steel Act before submission to parliament in accordance with the commitments undertaken in the EFF 	1998 Q3		MOI, COM
4.2 Financial discipline	Improve monitoring and governance of the SOEs	<ul style="list-style-type: none"> Reach agreement with Fund staff on an exit policy for each Group B enterprise remaining in the isolation program, on measures to address the losses of Sofia urban transportation, and on measures to continue effective isolation until exit 	August 1998	EU Phare	MOF, COM
		<ul style="list-style-type: none"> Complete isolation program for Group B enterprises that remain in state hands after 1998 	Mid-1999 Structural benchmark		
		<ul style="list-style-type: none"> Liquidate insolvent state-owned firms with no future prospects 	1998 Q3 Ongoing		MOF
		<ul style="list-style-type: none"> Establish system to compile and monitor data on inter-enterprise arrears distinguishing them from current obligations. Data on arrears should identify principal, late interest, and penalty 	1998 Q3 Structural Benchmark		COM, with assistance of line min. & MOF
		<ul style="list-style-type: none"> Assess implementation of incomes policy each quarter; strengthen enforcement measures; freeze wage bill of firms in violation of ordinances of the COM on incomes policy 	Ongoing		COM
		<ul style="list-style-type: none"> For railways and urban transport: <ul style="list-style-type: none"> Rationalize services provided and eliminate fare exemptions Raise prices to limit subsidy needs to those provided in the budget 	12/31/98 Ongoing		MOF
		<ul style="list-style-type: none"> Phase in accounting standards according to International Accounting Standards (IAS) for non-financial enterprises 	By 6/30/99		MOF, COM

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5. Sectoral Policies					
5.1 Energy sector	Establish financial viability	<ul style="list-style-type: none"> Adopt an action plan (agreed with IMF staff) by COM decree to phase out subsidies over the next three years with specific six-monthly targets on energy tariffs, cost reductions, and the phasing-out of subsidies 	Prior Action	World Bank	COE, COM
		<ul style="list-style-type: none"> Adopt by decree a program to rehabilitate/restructure district heating systems 	1998 Q3	World Bank	COE, COM
		<ul style="list-style-type: none"> According to the action plan: <ul style="list-style-type: none"> Raise prices for the provision of district heating to households Adjust tariffs for non-household users of electricity and heat Liberalize the prices of domestic coal and briquettes for: <ul style="list-style-type: none"> non-household users households: coal briquettes Phase out state subsidies for coal mining Cease mining operations in non-viable sections of coal mines 	1998 Q3 Prior Action Continuous 1998 Q4 2000 Q2 2001 Q2 2000 Q2 1999 Q4		COE, COM COE, COM COE, MOI COE, MOI COE, MOI
		<ul style="list-style-type: none"> Develop and adopt a program of targeted assistance to low income households most affected by district heating, coal and electricity price increases 	1998 Q3	World Bank	MOL, COE
	Improve efficiency	<ul style="list-style-type: none"> Adopt by COM decree a program for restructuring the electricity sector, including the creation of separate corporate entities for generation, transmission and distribution of electricity, and access on equal terms to all sellers to the transmission and distribution network, with the objective of attracting private investment 	Prior Action	World Bank	COE, COM
		<ul style="list-style-type: none"> Submit to parliament a draft Energy Law agreed with the World Bank establishing an independent regulatory agency and including licensing and enforcement in its jurisdiction 	1998 Q3	World Bank	COE, COM

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		<ul style="list-style-type: none"> • According to the restructuring program: <ul style="list-style-type: none"> . 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 . Complete accounting separation of NEK's generation, transmission, and distribution functions . Establish separate legal corporate entities for NEK's components: <ul style="list-style-type: none"> distribution transmission . Implement privatization: <ul style="list-style-type: none"> - Small thermal and hydropower generation, and retail services - One major thermal power plant - Most electricity generation and distribution assets 	EFF period 1998 Q4 1999 Q4 2000 Q2 1998–99 2000 Q1 EFF period	World Bank	COE COE COE COE, PA COE, PA COE, PA
		<ul style="list-style-type: none"> • Allow concessions for coal mining enterprises as envisaged in the action plan 	1999–2000		PA
		<ul style="list-style-type: none"> • Liberalize household gas supply sector 	EFF period		COE
5.2 Agricultural sector	Limit the role of government in agriculture	<ul style="list-style-type: none"> • Privatize all flour mills and bakeries, and privatize, liquidate or initiate court supervised bankruptcy of at least 386,000 tons of silo capacity of the Zarneni Hrani enterprise 	1998 Q4	World Bank	MOA
		<ul style="list-style-type: none"> • Liquidate non-viable state-owned agricultural enterprises 	1999 Q2		MOA
	Develop market for land	<ul style="list-style-type: none"> • Complete 80 percent of land restitution 	1998 Q4	World Bank	MOA
		<ul style="list-style-type: none"> • Submit to parliament appropriate supporting legislation for the creation of a land cadastre and a unified registry of land ownership 	1998 Q4	World Bank	MOA, COM
		<ul style="list-style-type: none"> • Provide final, legally binding titles to 18 percent of arable land eligible for restitution 	1998 Q4		MOA
		<ul style="list-style-type: none"> • Repeal the conveyance tax on purchases and sale of agricultural land 	1998 Q4		MOA, COM
		<ul style="list-style-type: none"> • Remove restrictions on land leasing 	1998 Q3		MOA, COM

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	Facilitate bank lending to agriculture	<ul style="list-style-type: none"> Develop a Warehouse Receipts (WR) system consistent with commitments under the World Bank ASAL 	1998 Q4	World Bank	MOA
		<ul style="list-style-type: none"> Abstain from government financing or guarantees for the harvest 	Continuous		MOA, COM
		<ul style="list-style-type: none"> Establish a clear time limit and quantitative ceilings for the State Fund for Agriculture (SFA) on total loans and subsidies outstanding. For 1998 the limits will be leva 30 billion for loans and leva 13 billion for subsidies. The fund will extend credit only against land collateral with legally binding title. 	July 1998	World Bank ASAL	MOA, COM
	Liberalize agricultural markets	<ul style="list-style-type: none"> Eliminate the contract pricing system and any remaining price or profit margin controls 	Prior Action		MOA, COM
		<ul style="list-style-type: none"> Conduct State Reserve or other government purchases and sales of grain at market prices through competitive tender or the commodity exchange 	Effective immediately–continuous		MOA
6. Trade Policy	Liberalize foreign trade regime	<ul style="list-style-type: none"> Abolish remaining export taxes: <ul style="list-style-type: none"> For sunflower oils (HS 15, 23) For sunflower seeds and processed wood components (HS 12, 44) For live animals, skins and hides, waste paper, wool, scrap metals, copper products (HS 01, 03, 41, 47, 51, 72, 74, 76, 78-79, 85) For unprocessed lumber and profiled timber (of HS 44) following the introduction of a stumpage fee system 	<p>Done, July 1998 Oct. 1, 1998*</p> <p>Jan. 1, 1999* Structural Benchmarks* Jan. 1, 2000</p>	World Bank (on stumpage fee system)	MOTT MOTT, MOA (on stumpage)
		<ul style="list-style-type: none"> Abolish the prohibition on exports of unprocessed tobacco. 	Jan. 1, 1999		MOTT
		<ul style="list-style-type: none"> Reduce the import surcharge to 2 percent 	Done, July 1998		MOF
		<ul style="list-style-type: none"> Pass a decree abolishing the surcharge with effect from January 1, 1999 	Done, Aug. 1998		MOF

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		<ul style="list-style-type: none"> • Abolish registration (automatic licensing) requirements <ul style="list-style-type: none"> . For live animals, meat, dairy products, Christmas trees, grapes, wheat, barley, maize, rice, cereal flour, sunflower seeds and oils, sugar, yeast, alcohol, brans, oil cakes, forage, tobacco, skins and hides, and wool (HS 01-02, 04, 06, 08, 10-12, 15, 17, 21-24, 41, 51) . For coal and coke, petroleum, liquid fuels, ready-to-use drugs, textiles, ferrous and non-ferrous metals, computer software (HS 27, 30, 52, 54-55, 61-62, 74-76, 78-80, 85) 	<p>Jan. 1, 1999 Structural Benchmark</p> <p>Jan. 1, 2000 Structural Benchmark</p>		MOTT
		<ul style="list-style-type: none"> • Abolish permit (non-automatic licensing) requirements for imports of natural gas and exports of live animals 	<p>Jan. 1, 1999 Structural Benchmark</p>		MOTT
		<ul style="list-style-type: none"> • Pass a Grain Act that replaces the existing quality controls on cereals trade (Section II, Article 3(4) of Annex 7 to Article 9 of the Trade Decree) with voluntary quality standards 	<p>By end-1998</p>		MOA, MOTT
		<ul style="list-style-type: none"> • Refrain from introducing new tariff exemptions and temporary tariff quotas. 	<p>July 22, 1998 Ongoing</p>		MOTT
		<ul style="list-style-type: none"> • Reduce import tariffs for refined fuel products 	<p>EFF period</p>		MOTT, MOI
		<ul style="list-style-type: none"> • Passage of a 1999 Trade Decree (to take effect on January 1) that eliminates temporary tariff quotas (Annex 5 of 1998 Trade Decree) and tariff exemptions (Annex 6) except those specified under international agreements and those for humanitarian, charitable, and diplomatic purposes; lowers MFN import tariffs for non-agricultural goods to 14% (average) and 35% (maximum, to apply to not more than 150 positions), and for agricultural goods to 26% (average) and 74% (maximum, to apply to about 30 positions); reduces the number of tariff bands to 40-45; and, reduces the dispersion among tariff rates 	<p>End-1998 Structural Benchmark</p>		MOTT
		<ul style="list-style-type: none"> • Passage of a 2000 Trade Decree (to take effect on January 1) that lowers MFN tariffs for non-agricultural goods to 12% (average) and 32.5% (maximum), and for agricultural goods to 24% (average) and 74% (maximum) 	<p>End-1999 Structural Benchmark</p>		MOTT

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		<ul style="list-style-type: none"> • Passage of a 2001 Trade Decree (to take effect on January 1) that lowers MFN tariffs for non-agricultural goods to 10% (average) and 30% (maximum), and for agricultural goods to 22% (average) and 74% (maximum) 	End-2000 Structural benchmark		MOTT
		<ul style="list-style-type: none"> • Execute tenders for the privatization of 12 state trading companies with foreign trading operations by end-1998, and for the remaining 21 companies by end-1999 	Dates as specified		MOTT
7. Statistical Issues	Improve the statistical base for macroeconomic decision making	<ul style="list-style-type: none"> • Improve quality, consistency and timeliness of: <ul style="list-style-type: none"> . high frequency real sector data (retail sales, producer and consumer prices, industrial output, wages, and employment) . annual and quarterly national accounts . banking statistics . foreign assets and foreign liabilities in the monetary accounts . external trade statistics; balance of payments; and external debt, especially the coverage of private sector transactions 	1998 Q4	IMF, World Bank	NSI, BNB
	Improve the availability of statistics for broad use	<ul style="list-style-type: none"> • Take decision to participate in General Data Dissemination System (GDDS) of the IMF • Fully implement GDDS 	1998 Q4 2000 Q4	IMF	NSI, COM

MOF = Ministry of Finance; COM = Council of Ministers; MOL = Ministry of Labor; MOH = Ministry of Health; BNB = Bulgarian National Bank; BCC = Bank Consolidation Company; SSEC = Securities and Exchange Commission; NSI = National Statistical Institute; PA = Privatization Agency; MOI = Ministry of Industry; MOJ = Ministry of Justice; COE = Committee of Energy; MOA = Ministry of Agriculture; MOTT = Ministry of Trade and Tourism; DPCMF = Data Processing Center, Ministry of Finance.