

STRUCTURAL CONDITIONALITY

Action	Paragraph	Type
Fiscal policy		
1. Implement all further measures to reach the 6.5 percent primary surplus target that are technically feasible to put in place in January	13	Prior action for SBA approval
2. Complete by end-March 2002 the remaining measures to reach the public sector primary surplus target of 6.5 percent of GNP for 2002: the Minister of Finance to identify savings from closing regional administrations and other regional line agency offices, and block relevant budget appropriations in the budget, and SEEs to approve budgets in line with cost reductions mandated	14	Benchmark
Public debt management		
3. Reintroduce a primary dealer program by end-September 2002	19	Benchmark
Banking reform		
4. Pass necessary legal amendments, and issue a Council of Ministers Decree for staff reductions in state banks	28	Prior actions for SBA approval
5. Reduce the number of branches at Ziraat and Halk banks by 800 by end-June 2002	28	Performance criterion
6. BRSA to issue guidelines for targeted evaluations of private banks in preparation for the public support scheme for private banks	30	Prior action for SBA approval
7. BRSA to appoint by end-March 2002 third-party auditing firms to verify that the guidelines have been followed	30	Benchmark
8. BRSA to send letters to banks by May 15, 2002 stipulating required actions on the basis of the BRSA's final interpretation of the evaluations	30	Prior action for second review
9. The legal framework and related regulations for the public support scheme for private banks to become effective in January 2002	32	Prior action for SBA approval
10. Resolve by end-2001 all banks taken over by the SDIF before November 2001, with the exception of two banks whose resolution has been halted by courts	33	Prior action for SBA approval
11. Complete external audit of SDIF for 2001 by end-April 2002	34	Benchmark
12. Pass legal amendment in January 2002 to eliminate with immediate effect the existing four-year transition rule for loan loss provisioning	35	Prior action for SBA approval
13. Start trial implementation of new accounting system in line with IAS in January 2002	35	Prior action for SBA approval
14. BRSA to issue by end-June 2002 an implementing regulation to ensure that banks' end-2002 balance sheets comply with IAS	35	Performance criterion
Public sector reform		
15. Parliament to approve Public Procurement Law in line with UN (UNCITRAL) standards in January 2002	40	Prior action for SBA approval
16. Parliament to amend the Public Procurement Law by end-May 2002 to (i) bring the real value of thresholds toward those in line with international best practice and (ii) extend the minimum time period for procurement applicable for cases below thresholds	40	Prior actions for second review

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17. Establish an independent procurement agency by end-March 2002	40	Benchmark
18. Approval by Council of Ministers in January 2002 of plan to reform the tax system	40	Prior action for SBA approval
19. Enact first phase of tax reform plan by end-April 2002	40	Benchmark
20. Submit to parliament legislation for the second phase (direct tax component) of the tax reform plan by end-October 2002	40	Benchmark
21. Have in place by end-September 2002 an integrated system to monitor total general government and SEE employment levels on a quarterly basis	40	Benchmark
22. 15,000 individuals to have been retired or notified of their retirement by mid-January 2002	41	Prior action for SBA approval
23. By end-January 2002: (i) identify all redundant workers and positions in SEEs; and (ii) eliminate all open, unfilled, redundant positions	41	Prior actions for first review
24. Reduce the number of redundant workers by two-thirds by end-October 2002	41	Performance criterion
25. Pass the Law on Public Debt Management and issue two supporting communiqués	42	Prior actions for first review
26. Submit to parliament Law on Financial Management and Internal Control consistent with best international practice by end-June 2002	42	Benchmark
27. Close 548 additional revolving funds by end-March 2002	42	Benchmark
28. Incorporate revenues and expenditures under Law 3418 in the draft budget for 2003 to be submitted to parliament by October 17, 2002	42	Benchmark
29. Amend by end-July 2002 governing legislation of the remaining extra-budgetary funds to require passage of their budgets by parliament, external audit of their accounts (reported to parliament), and monthly reporting of their accounts, on a consolidated basis, with the central government's accounts	42	Benchmark
30. In the draft 2003 budget to be submitted to parliament by October 17, 2002, (i) include net lending as an appropriation and (ii) extend accounting and coding reforms to all consolidated budget agencies, and to general government units on a pilot basis	42	Benchmarks
31. Complete by end-March 2002 a survey of end-2001 commitments in excess of appropriations	42	Benchmark
Enhancing the role of the private sector		
32. Council of Ministers to adopt in April 2002 a privatization plan for Turk Telekom	45	Prior action for second review
33. Parliamentary approval of Tobacco Law	45	Prior action for SBA approval
34. Council of Ministers to adopt privatization plan for TEKEL by end-September 2002	45	Prior action for fourth review
35. The Council of Ministers to adopt in January 2002 follow-up actions to FIAS study to make Turkey more attractive for domestic and foreign investors	46	Prior action for SBA approval
36. Submit to Parliament by end-May 2002 a new draft Law on Foreign Direct Investment in line with the findings of the FIAS study	46	Benchmark
37. The Council of Ministers to adopt by end-January 2002 a strategy for increasing transparency and combating rent-seeking activities	47	Benchmark

