

**FOR  
AGENDA**

SM/08/248  
Supplement 1

CONFIDENTIAL

July 30, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Turkey—Ex Post Assessment of Longer-Term Program Engagement  
and Ex Post Evaluation of Exceptional Access—Draft Public Information  
Notice**

Attached for consideration by the Executive Directors is the background section of the draft Public Information Notice relating to the paper on the ex post assessment of the Fund's longer-term program engagement with Turkey and an ex post evaluation of exceptional access by Turkey (SM/08/248, 7/21/08), which is tentatively scheduled for discussion on **Friday, August 1, 2008**. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of Turkey indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.

Questions may be referred to Mr. Dell'Ariccia, RES (ext. 38135).

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the European Central Bank and the WTO Secretariat forthwith; and to the European Commission, the Islamic Development Bank, and the Organisation for Economic Cooperation and Development, following its consideration by the Executive Board.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

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INTERNATIONAL MONETARY FUND

*Public Information Notice*

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EXTERNAL  
RELATIONS  
DEPARTMENT

Draft Public Information Notice (PIN) No. 08/xx  
FOR IMMEDIATE RELEASE  
[August 1, 2008]

International Monetary Fund  
700 19<sup>th</sup> Street, NW  
Washington, D. C. 20431 USA

## **IMF Executive Board Concludes Ex Post Assessment of Longer-Term Program Engagement and Ex Post Evaluation of Exceptional Access for Turkey**

On August 1, the Executive Board of the International Monetary Fund (IMF) concluded the Ex Post Assessment of Longer-Term Program Engagement (EPA) and the Ex Post Evaluation of Exceptional Access (EPE) for Turkey.

### **Background**

By the end of the 1990s, Turkey was plagued by chronic inflation, high and volatile fiscal deficits, a large and growing public debt, high real interest rates, low and volatile growth, and a weakly regulated and undercapitalized banking system. By the conclusion of the last Stand-By Arrangement (SBA) in May 2008, the economy had been transformed: inflation had dropped significantly, public debt ratios had declined sharply, the banking system had been restructured, and Turkey had enjoyed a prolonged economic expansion. At the same time, the current account deficit had widened considerably on the back of strong capital inflows and rising commodity prices. Three SBAs—approved in 1999, 2002 and 2005—supported the Turkish authorities' economic programs for most of the period from end-1999 through May 2008.

As required by IMF procedures for cases of exceptional access and longer-term program involvement, the EPA and EPE review the past relationship between Turkey and the IMF. The objective of the EPA is to provide an analysis of the main economic problems faced, and of the progress made by, an IMF member under longer-term program engagement with a view to identifying lessons for future engagement with the IMF. The EPE, designed for arrangements with exceptional access, reviews Turkey's 2005 SBA, focusing on whether the macroeconomic strategy and IMF financing were appropriate and in line with IMF policy. Given their partially overlapping objectives, the EPA and EPE for Turkey were combined.

### **Executive Board Assessment**