

## **MINISTRY OF FINANCE ISSUING POLICY DURING 2006**

In the forthcoming 2006 the Ministry of Finance will pursue a domestic debt issuance policy in accordance with the fiscal parameters, stated in the draft of the State Budget Law of the Republic of Bulgaria for 2006 aiming maintenance of budget discipline, fiscal sustainability and macroeconomic stability of the country.

According to the above the Ministry of Finance is publishing now only the general domestic debt issuance framework for the 2006, maintaining the practice of announcing the particular monthly calendars at least 30 days before the beginning of each month.

The Ministry of Finance issuance policy during the year 2006 will be considered with the following principal limitations:

1. Maintenance of fiscal stability, which evaluation is effected by a result of the two main measurements: indicators for fiscal balance and public debt.
2. Strict observance of the state debt reference values, proceeded from the assumption that Debt/GDP ratio should not exceed the level at which the debt servicing would be possible only by serious amendments of the budget revenues and expenditures.
3. The Balanced budget 2006 (the planned deficit in the draft of the State Budget Law for 2006 is zero) is considered with the high negative balance of current account of payments and corresponding with a reduction of the government debt.
4. The level of the fiscal reserve account and binding indebtedness dynamics with budget financing needs.
5. The necessity of ensuring the normal functioning of the domestic government securities market by issuing sufficient types of securities in main maturities, describing the benchmark yield as well as in volumes, contributing to their liquidity.
6. The necessity of intervention in case of a worsened external balance of Bulgaria.

The planned surplus in the draft of the Law of State Budget for 2006 is 516.9 million BGN. Planned privatization revenue comes to 115 million. The maturing domestic debt during the 2006 will be 375 million totally.

Regarding to the above mentioned limitations and in compliance with the Government Debt Management Strategy during the 2006 the Ministry of Finance will act as a preferential borrower on the domestic market. The expected gross amount of government securities issues will be from 600 million up to 1 000 million.

The Ministry of Finance is planning to issue 10 and 5 years government securities each with total amount up to 300 million BGN, as well as 3 years term government securities with amount up to 200 million BGN. During the 2006 the Ministry of Finance will continue to issue three-month treasury bills considered with the market situation as well as with the liquidity in the bank system.

The Ministry of Finance may issue other government securities with maturities within a year or a longer period depending on the market conditions and if necessary.