Standard Summary Project Fiche

Project number: TR 05 03.10

1 Basic Information

1.1 CRIS Number:

1.2 Title: Technical Assistance for the improvement of access regime in the Turkish telecommunications market

1.3 Sector: Telecommunications

1.4 Location: Turkey, Telecommunications Authority (TA) (Telekomünikasyon Kurumu) with its offices located in Ankara Telekomünikasyon Kurumu, Yeşilirmak Sok. No. 16 06430, Maltepe, Ankara

1.5 Duration: 9 months

2 Objectives

2.1 Overall Objective

- To contribute to the liberalization of the Turkish telecommunications market along with the encouragement of the new entries to the market by improving the capacity of the Telecommunications Authority in compliance with the EU acquis.

2.2 Project Purpose

Component 1:

- Improvement of the implementation capacity of TA for the establishment of a non-discriminatory and transparent access pricing regime for the new entrants in line with the EU acquis.

Component 2:

- Strengthening the implementation capacity of TA for local loop unbundling which is a prominent element of a sound access regime promoting competition in the sector as outlined by the EU acquis for effective and efficient usage of resources and acceleration of the process of achieving workable competition.

2.3 AP and NPAA Priorities of 2003

The Accession Partnership of 2003 highlights the following short and medium term priorities in the field of telecommunications and information technology:

AP priorities

AP Short-term priorities

- Removal of technical and administrative barriers to trade. Accelerate alignment and application of European standards. Ensure effective in-
market control and free movement of goods in line with internal market legislation

- Alignment with the EU *acquis* in areas of licensing, interconnection and universal service;
- Further refinement of liberalisation needs in terms of licensing, interconnection and universal service provision;
- Preparation a schedule for the transposition of the new *acquis* 2002;
- Strengthening the capacity building of the TA, i.e., reinforcement of its ability to implement regulations;
- Adoption of regulations in the areas of leased lines, data protection in electronic communications, interconnection and universal service, and carrier selection and number portability.

**AP Medium-term priorities**

- Completion of the alignment with the *acquis*; complete strengthening of existing certification, market surveillance and conformity assessment structures.
- Preparation for full liberalisation of the markets.
- Completion of the transposition of the *acquis*.
- Adoption of a comprehensive policy for the development of the electronic communications sector.

**NPAA priority**

Turkey adopted a revised National Programme for the Adoption of the *acquis* (NPAA) on the basis of the Accession Partnership. The revised NPAA was published in the Official Gazette on 24 July 2003. According to the revised NPAA, a separate chapter (Chapter 19) was dedicated to the priorities concerning telecommunications and information technology.

In this respect as given in Chapter 19 of NPAA:

- Priority 19.1 Alignment of legislation in the field of telecommunications
- Priority 19.2 Preparation of markets for full liberalisation

were defined as the two relevant and important priorities to be realized by transposition and implementation of the legislation listed under these.

**2.4 Contribution to National Development Plan**

Not applicable
2.5 Cross Border Impact
Not applicable

3 Description
3.1 Background and Justification

In the last decade, Turkey has undergone rapid development in the field of telecommunications. The figures for telephone exchange capacity, the number of telephone subscribers and the penetration rate in the fixed and mobile telephony services have swiftly grown since 1995.

Considerable progress has been achieved in opening up the telecommunications sector to competition. By virtue of the Telecommunications Law, dated 2000 (Law No. 4502), an independent regulatory authority, the TA, came into operation on the 15th of August of that year. While the Ministry of Transport and Communications retains its macro-level policy making role, the TA is now charged with the regulation of the technical, administrative and financial aspects related to licensing of the telecommunication services. The TA was established as a public legal entity with an independent budget and administrative structure in order to carry out the obligations placed on it by the “Law on Wireless Communication No. 2813”, the “Law on Telegraph and Telephone No. 406” and other relevant laws.

Türk Telekom’s monopoly rights for fixed telephony were abolished as of 1 January 2004 in accordance with the amended Article 2 of the Law on Telegraph and Telephone. In contrast to the fixed domain, the mobile telephony arena has already been liberalised and a competitive environment has been emerged through competing relationships among the three (formerly four as the two have merged) cellular mobile operators.

TA has already issued its secondary legislations on tariffs, access and interconnection, and designation of SMP operators, authorizations, numbering, collocation and facility sharing, personal data protection and privacy, consumer rights, R&TTE for as well as regulations on local loop unbundling and principles and procedures on cost accounting and accounting separation, and drafted its framework regulation on rights of way and service quality.

In order to carry out full liberalisation of telecommunications market which was opened up by January 2004, the TA has published implementing regulations, namely the Ordinance on Access and Interconnection in May 2003 and the Communiqué regarding Local Loop Unbundling in July 2004 of which the latter will be in force by July 2005. As the legislation segment of access regime can be considered to be completed in this respect, the implementation process gains importance from now on.

The creation of a workable competition and a dynamic environment regarding the access regime firstly necessitates the determination of costs of the operators which control the facilities the alternative operators need inevitably and thus named as operators having significant market power or in brief as “notified operators” in EU terminology. The cost models, in this respect, calculate the cost of service provision to the new entrants and the end-users. The tariffs derived from these costs are provided to be “cost-based” to ensure that no service is subsidised by another and no predatory or excessive pricing is applied to competing operators. These are strongly-emphasised conditions in relevant EU legislations such as Framework Directive (2002/21), Access Directive (2002/19) and Universal Service Directive (2002/22) as well as indicated in the Interconnection Directive (97/33) of former regulatory framework.
In this respect, cost models to be developed for the services of notified operators have been an important task for the national regulatory authorities (NRAs) in the first phase of liberalisation in all Member States. Since the task is very complicated and necessitates a high-level of expertise in various fields, most of the NRAs, if not all, have procured consultancy services for the development of cost models in the past. Additionally, it is a common case for most of Member States to collaborate with several consultant firms for the update or cross-checking of their existing cost models. The way of implementing these cost models is to utilize a software specifically designed for this purpose. However cost model software needs to be developed by taking the specific conditions of the country into consideration which means that there is no generic solution applicable to different countries.

The current situation in Turkey reflects the need for the cost models to be developed in near future. The interconnection rates for the long distance voice telephony operators have been determined in September 2004 and these rates will be decreased gradually during 2005. This implementation of benchmarking, which is accepted as a temporary method in relevant EU legislations, will be used upon the calculation of costs. In this manner, the development of cost models needs to be finalized in 2006. Cost models that are to be developed for TA in the course of this project requires the development of software which will be tailored for the specific needs of TA. However, this project does not involve procurement of any supply (such as purchase of any commercially available software packages).

Not only for interconnection will the suggested cost model be beneficial but also will be necessarily applicable to facilities or services that would be used by new entrants who will be licensed on building and operating alternative infrastructures within 2005. Following the experience of European NRAs mentioned above, TA considers the development of cost models for fixed and mobile networks as a task to be accomplished with the assistance of EU-based consultants.

In addition to the cost orientation obligation, the notified operators which have significant market power for specific services in the relevant markets may have accounting separation obligation for the assurance of non-discrimination to provide that the notified operator offers the same service to its subsidiary and competing operators at the same terms and conditions and as well as the same conditions are applied in between the undertakings providing similar services. Therefore, accounting separation obligation is specifically emphasized in the Access Directive as a remedy to be applied when there is a market failure regarding non-discrimination and/or transparency obligations and it is proportional to the market failure. However, accounting separation obligation provides huge amount of accounting data of the notified operator and it requires the surveillance of the NRA to ensure that the notified operator’s regulated activities are not cross-subsidized and non-discriminative for a sustainable competition in the market. In this respect, Principles and Procedures on Accounting Separation and Cost Accounting were approved by TA in February 2004 with a transition period of two years taking into account that establishment of an applicable accounting separation system for notified operators needs an extensive expertise on the issue. Provision of separated accounts both for the fixed and mobile services involves extensive work such as the network peculiarities in determining the information requirements of the costs and revenues related with the business units of the operator in question. Therefore TA will need technical assistance for the development and improvement process of the separated accounts.

Local loop unbundling (LLU), defined as “the last milestone to be achieved in the full liberalisation process”, is currently on the top of the agenda not only in Turkey but also in many of the EU countries. Although the EU legislation, namely the Regulation on
Unbundling Access to the Local Loop (2887/2000), has been put into force in 2000, many obstacles preventing the efficient implementation have been anticipated up to now. Therefore, the expected results of the Regulation could be achieved in a low level and extensive regulations regarding technical and operational issues are still deemed necessary in many countries.

The most important segment of the LLU regulation to be completed by the NRAs is the amendment and approval of the reference unbundling offer of the notified operator. Since it requires very detailed knowledge on the network of the operators and thus causes an information asymmetry between the operator and the NRA, most NRAs have difficulties on monitoring the preparation and implementation of the reference offer. As the very first versions of the unbundling offers did not satisfy the new entrants seeking access to the incumbent’s network, further detailed solutions are being examined by the NRAs.

Regarding the current situation in Turkey, the implementing legislation has been published one year before the intended enforcement date in order for the related parties to get prepared for the implementation. The mentioned Communiqué stipulates that Türk Telekom, the incumbent operator, shall submit the reference unbundling offer in three months after the enforcement date. This simply results in the fact that TA will have to deal with an extensive evaluation of the reference offer by November 2005. Depending on the experience of the EU countries, it can be expected that further amendments and additional requirements will be needed on the issues out of the scope of the reference offer. Therefore, as a newly established regulatory body with a limited experience and inadequate staff when compared to its counterparts in the Member States, TA will eventually need the support of consultants both for the implementation and the amendment of the legislation based on the implementation feedbacks.

Studies towards achieving full compliance to the *acquis* in the telecommunications field have been carried out by the TA. Despite the progress, further efforts by the Turkish authorities are essential to bring the telecommunications regulatory framework fully in line with the *acquis*. Strengthening the implementation capacity of the TA is also of key importance to ensure its proper functioning of the market which eventually targets to achieve full liberalisation. Therefore, this project will provide the necessary technical assistance to the Authority in developing cost models and unbundling of the local loop as these issues lie at the heart of the liberalization process.

### 3.2 Sectoral Rationale

Not applicable

### 3.3 Results

The result of the project will be the improvement of TA’s capacity in two major areas, in the implementation of access regime in the fields of pricing and accounting separation (Component 1) and in local loop unbundling (Component 2).

#### 3.3.1 Component 1: The necessary expertise and competence gained on the implementation guidelines of accounting separation and know-how on cost models that
are essential for a cost based access pricing regime as foreseen in the EU regulatory package.

- Separate analytical cost models for fixed network (applicable for interconnection and other access services such as LLU, leased lines) and mobile networks (applicable for call termination and further probable services such as roaming for mobile virtual network operators and UMTS.) available
- The necessary know-how for further updates of the models transferred.
- Relevant of “The Principles and Procedures on Accounting Separation and Cost Accounting” defined in an appropriate format

3.3.2 Component 2: Expertise and knowledge of EU countries utilised on the technical, legal and regulatory aspects related to local loop unbundling

- The implementation capacity enhanced for the regulation on LLU
- Regarding the implementation and international experience reference unbundling offer of Türk Telekom amended
- Improved level of legal, technical and administrative skills of TA and a common understanding of the EU experience with industry participants achieved

3.4 Activities

To achieve the objectives mentioned above, the following activities should be undertaken.

3.4.1 Component 1: Technical assistance on accounting separation - cost accounting and development of cost models for fixed and mobile networks

- Development of cost model software specifically applicable to Turkey and the preparation of detailed guidelines for the application of the models
- The review of the cost model with TA experts
- The development of the Report covering detailed suggestions on fixed and mobile guidelines with TA experts and the organisation of workshops on cost allocation procedures and reporting formats within the frame of accounting separation and cost accounting regulation.
- The organisation of workshops on cost allocation procedures and reporting formats within the frame of accounting separation and cost accounting regulation.

3.4.2 Component 2: Technical assistance on local loop unbundling

- Preparation of a comprehensive report on technical and administrative aspects of LLU based on experience of Member States
- The review of the reference unbundling offer (RUO) of Türk Telekom with TA experts and the preparation of the amended RUO regarding EU and Turkey experience
- The organisation of a workshop on LLU for TA experts and the relevant industry participants
Means/Inputs:

Expert Input

The consultancy project will be carried out by a project team consisting of a project leader, three other key experts and various short term experts. The qualifications of the experts are given below.

1. Key expert 1: Project Leader

Job description

His/her project-related responsibilities will be overall coordination of the project activities on behalf of the Consultant, supporting the Consultant’s Programme Office for effective management and execution of the contract, and reporting to the Steering Committee and to TA's Senior Programme Officer. He/she will ensure sufficient and necessary backstopping support from the Consultant’s head office.

Qualifications and professional experience

- Graduate and/or post-graduate level degree in the relevant field(s) such as engineering, economics, management, finance, law etc.
- Excellent communication and leadership skills
- Full computer literacy
- Good communication skills in English. Turkish will be an asset.
- Sufficient international experience in project and/or contract management
- Sufficient experience in telecommunications as a consultant or in senior managerial positions. Experience as a consultant to the regulatory bodies will be an asset.
- Experience in liberalisation of telecommunications markets in EU member states and candidate countries.
- Experience in EU member states and candidate countries in alignment of national telecommunication legislations with EU acquis

2. Key Expert 2: Senior expert for economic/financial matters

Job description

His/her responsibilities are to coordinate the economic tasks and handle all economic issues under the scope of work at senior level. He/she will report to the Project Leader and his/her counterparts at TA's Programme Office.

Qualifications and professional experience
Graduate or post-graduate level degree in relevant field(s) such as economics, management, finance, accounting etc.

- Good communication skills in English
- Experience in regulatory economics
- Sufficient experience in telecommunications as a consultant
- Experience in EU member states and candidate countries in alignment of national telecommunication legislations with EU acquis
- Experience in cost modelling and access pricing for regulatory bodies and/or international organisations. Specific experience in interconnection pricing and/or local loop unbundling will be an asset.
- Experience in accounting separation regulation for regulatory bodies or implementation for operators.

3. Key Expert 3: Senior expert for technical matters

Job description

His/her responsibilities are to coordinate the technical tasks and handle all technical issues under the scope of work at senior level. He/she will report to the Project Leader and his/her counterparts at TA's Programme Office.

Qualifications and professional experience

- Graduate or post-graduate level degree in relevant field(s) such as electronics or telecommunications engineering.
- Good communication skills in English
- Experience in fixed and/or mobile telecommunications networks
- Sufficient years of experience in telecommunications as a consultant
- Experience in EU member states and candidate countries in access and interconnection regulations. Experience in cost modelling for fixed and mobile networks and will be an asset.
- Experience in technical regulations and implementation for local loop unbundling and interconnection.

4. Key Expert 4: Senior expert for legal/regulatory matters

Job description

His/her responsibility is to examine the project outcomes from a legal perspective to ensure that all project outcomes are in compliance with the EU acquis and Turkish legal framework. He/she will report to the Project Leader and his/her counterparts at TA's Programme Office.

Qualifications and professional experience
- Graduate level degree in law.
- Good communication skills in English. Turkish will be an asset.
- Sufficient experience in administrative law in particular for the EU competition policy.
- Broad experience in implementation of the EU telecommunication acquis in the member states and candidate countries, especially in the fields within the scope of this project.
- Preference will be given to familiarity with Turkish Legal system

5. Short Term Experts
The number and the functions of the short term experts shall be flexibly determined by the Consultant. However, short term experts are expected to complement the key experts especially in the following fields in the case that key experts do not fulfil the necessary requirements
- Experience in software development for cost models
- Financial analysis
- Conformity with Turkish law system and national telecommunication legislations
- Experience in both GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Systems)

3.5 Linked Activities
Within the framework of the 2002 programme, project called “Institution Building in the Telecommunications Authority” is being supported by the Commission. The first component of the project aims to improve the alignment of the Turkish telecommunications legislation with the EU acquis, by reviewing the existing legislations in several subjects like authorization, numbering, rights of way, collocation, facility sharing, tariffs and etc. Whereas the second component focuses on the improvement of the organizational structure, human resource management and administrative capacity by provision of trainings and human resource consultancy.

Therefore it is important to note that the institution building project does not overlap the proposed project topics related to the access regime in a direct or indirect manner. Nevertheless, it is possible to say that this project will be complementary in nature with the institution building project. Rather than other issues, this project proposal specifically focuses on the implementation of regulations on access and interconnection and local loop unbundling which are deemed to be the essential part of a liberalized telecommunications market.

3.6 Lessons Learned
The project of “Institution Building in the Telecommunications Authority” within the framework of the 2002 programme was launched in January 2005 and will have duration of 12 months. In this respect, the process or the results of the project cannot be evaluated at this stage.

4 Institutional Framework
TA, the Beneficiary of the project, will have a management structure consisting of a Senior Programme Officer (SPO) reporting to the Telecommunications Board and a Programme Office (PO) working under the coordination of SPO.

The PO, adequately staffed with representatives from relevant departments of TA and responsible for execution of the project under the direction of the SPO. Members of the PO will also be the counterparts of the key experts of the Consultant and provide them with the necessary assistance in performance of their work.

A Steering Committee, consisting of the representatives from EC Representation Office, CFCU, TA and the Consultant, will be established to monitor the overall progress in the Project. The Committee will meet regularly in order to review the progress and realization of the programme objectives and schedule and advise TA’s PO and the Consultant on issues related to the performance of work.

### 5 Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
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<tbody>
<tr>
<td></td>
<td>National Public Funds (*)</td>
<td>Other Sources (**)</td>
<td>Co-financing of Project</td>
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<tr>
<td><strong>€M</strong></td>
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<tr>
<td>Year 2005 Institution Building support</td>
<td>1.2MEURO</td>
<td>0</td>
<td>0</td>
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<tr>
<td>IB support</td>
<td>1.2MEURO</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total project 2005</td>
<td>1.2MEURO</td>
<td>0</td>
<td>0</td>
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</table>

Project duration will be 9 months.

1. All investment sub-projects supported by the pre-accession fund must receive co-financing from national public funds. Minimum requirement for co-financing from national public funds is 25% of the combined PHARE and national contributions to the overall investment support.

2. Many Institution building projects will also have a degree of co-financing – this should be quantified and included wherever possible.

3. Expenditure related to equipment (regulatory infrastructure or ESC-related) and to Technical Assistance supporting investment (e.g. pre feasibility study / supervision of works / technical specifications) should be considered as Investment support in the project fiche.

4. All co-financing must be provided on a joint basis. Parallel co-financing will, in a principle, not be accepted. Exceptions to this rule have to be agreed with the Commission in advance.
5. All co-financing should be clearly quantified, also the degree of certainty of such co-financing (i.e. for National Public Funds: is it already earmarked in local or national budget, for FIs Loans, private funds: are they already approved/under appraisal, etc.).

6. Where parallel co-financing is accepted and justified per exception to the normal rule it should be provided in monetary form. If this is not possible there should be clear criteria set out for the valuation of any non-monetary contributions (that should be quantified in the table).

7. If twinning is involved, clearly state the expected budget of the twinning covenant.

8. The financial engineering of the project should be closely monitored against actual delivery during implementation and against the objectives that were set in the project fiche so that corrective actions may be taken where required.

6 Implementation Arrangements

6.1 Implementing Agency
The Central Financing Contracting Unit (CFCU) will be the Implementing Agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the project activities.

The Central Finance and Contracts Unit
Erçan TORTOP
PAO-CFCU Director
Tel : +90 312 285 46 20
Fax : +90 312 285 96 24
E-mail : ercan.tortop@cfcu.gov.tr

Beneficiary
Telecommunications Authority
Contact : Ömer Faruk KOÇAK
person Head of International Relations and EU Coordination Department
Tel : +90 312 550 51 25
Fax : +90 312 550 51 55
E-mail : ofkocak@tk.gov.tr

6.2 Twinning
Not applicable

6.3 Non-standard Aspects
PRAG (Practical Guide to Contract Procedures Financed from the EC general budget in the context of External Actions) will be strictly followed.

6.4 Contracts
The project will be implemented in the form of a Service Contract. The Consultant shall programme and coordinate all activities to be carried out under the project as well as general coordination of experts in close cooperation with the TA.

Service Contract € 1,200,000

7 Implementation Schedule

7.1 Start of tendering/call for proposals
January 2006

7.2 Start of project activity
September 2006

7.3 Project Completion
May 2007

8 Equal Opportunity
Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed. Male and female participation in the project will be based on EU standards and assured by official announcements published to recruit the necessary staff for the project. The main criteria for recruitment will be qualifications and experience in similar projects, not sex or age. Both men and women will have equal opportunities and salaries.

9 Environment
Not applicable

10 Rates of Return
Not applicable

11 Investment Criteria
Not Applicable

12 Conditionality
No conditionality anticipated since the relevant legislation has already been available.
ANNEXES TO THE PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme
4. Reference list of laws and regulations
ANNEX I

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR “Technical Assistance for the improvement of access regime in the Turkish telecommunications market”</th>
<th>Contracting Period Expires in</th>
<th>Disbursement period expires:</th>
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<tr>
<td>Total Budget:</td>
<td>1,200,000 Euro</td>
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<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>To contribute to the liberalization of the Turkish telecommunications market along with the encouragement of the new entries to the market by improving the capacity of the Telecommunications Authority in compliance with the EU acquis.</td>
<td>Increased number of licences issued by the TA for a variety of telecommunications services by the end of 2007 Increased market share of alternative operators by the end of 2007</td>
<td>TA’s records, web sites and Annual Reports Progress Reports for Turkey and reports of international organizations Reports and web sites of non-profit industrial organizations</td>
<td>The general economic conditions remain stable and do not cause uncertainties in the investment climate.</td>
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</table>

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>Component 1: Improvement of the implementation capacity of TA for the establishment of a non-discriminatory and transparent access pricing regime for the new entrants in line with the EU acquis.</td>
<td>The cost based pricing system has been applicable for interconnection and other basic access services by the end of 2007. The accounting systems and reporting formats of operators having SMP have been effectively aligned with international standards and implementation in regarding accounting separation by 2007.</td>
<td>TA’s records, web sites and Annual Reports Progress Reports for Turkey and reports of international organizations Reports and web sites of non-profit industrial organizations Independent audit reports for operators</td>
<td>The regulations and decisions of Telecommunications Board regarding access regime and pricing have not been cancelled or restrained by court decisions</td>
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<tr>
<td>Component 2: Strengthening the implementation capacity of TA for <strong>local loop unbundling</strong> in line with the EU acquis for effective and efficient usage of resources and acceleration of the process of achieving workable competition.</td>
<td>The amended Reference Unbundling Offer enforced within 2007. Unbundled lines have been available for alternative operators in a technically and economically feasible environment by 2007.</td>
<td>The regulations and decisions of Telecommunications Board regarding LLU have not been cancelled or restrained by court decisions.</td>
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</table>
Results | Objectively Verifiable Indicators | Sources of Verification | Assumptions
--- | --- | --- | ---
Component 1. The necessary expertise and competence gained on the implementation guidelines of accounting separation and know-how on cost models that are essential for a cost based access pricing regime as foreseen in the EU regulatory package.

1.1 Separate analytical cost models for fixed network (applicable for interconnection and other access services such as LLU, leased lines) and mobile networks (applicable for call termination and further probable services such as roaming for mobile virtual network operators and UMTS) available.

1.2 The necessary know-how for further updates of the models transferred

1.3 Relevant details of “The Principles and Procedures on Accounting Separation and Cost Accounting” defined in an appropriate format

<p>| Applicable cost based tariffs for interconnection and other relevant telecommunications services derived using the software for fixed and mobile networks by the end of the project | TA’s records, web sites and Annual Reports |
| Evaluation sessions conducted for TA staff and different scenarios of inputs executed on a regular basis as will be defined in ToR |
| Necessary amendments made on the Principles and Procedures depending on the Report prepared for accounting separation by the end of the project |
| Progress Reports for Turkey and reports of international organizations |
| Project deliverables and reports |
| Lists of attendance to the workshops and review sessions |
| Workshop evaluation forms |
| Attendance lists of evaluation sessions and workshops |</p>
<table>
<thead>
<tr>
<th>Component 2. Expertise and knowledge of EU countries utilised on the technical, legal and regulatory aspects related to local loop unbundling</th>
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<tr>
<td><strong>2.1</strong> The implementation capacity enhanced for the regulation on LLU</td>
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<tr>
<td><strong>2.2</strong> Regarding the implementation and international experience reference unbundling offer of Türk Telekom amended</td>
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<tr>
<td><strong>2.3</strong> Improved level of legal, technical and administrative skills of TA and a common understanding of the EU experience with industry participants achieved</td>
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<td>The report covering the relevant experience of Member States and benchmark studies submitted to the Authority. The amended reference unbundling offer drafted and evaluated together with the TA experts by the end of the project.</td>
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<tr>
<td>The workshop with the participation of relevant TA staff and industry participants successfully completed by the end of the project.</td>
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<td>Activities</td>
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<tr>
<td>Component 1:</td>
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<tr>
<td>1.1 Development of cost model software specifically applicable to Turkey and the preparation of detailed guidelines for the application of the models</td>
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<td>(The required qualifications are given in Section 3.4)</td>
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<td>1.2 The review of the cost model with TA experts</td>
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<td>1.3 The development of the Report covering detailed suggestions on fixed and mobile guidelines with TA experts and the organisation of workshops on cost allocation procedures and reporting formats within the frame of accounting separation and cost accounting regulation.</td>
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<td>1.4 The organisation of workshops on cost allocation procedures and reporting formats within the frame of accounting separation and cost accounting regulation.</td>
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Component 2:

2.1 Preparation of a comprehensive report on technical and administrative aspects of LLU based on experience of Member States

2.2 The review of the reference unbundling offer (RUO) of Türk Telekom with TA experts and the preparation of the amended RUO regarding EU and Turkey experience

2.3 The organisation of a workshop on LLU for TA experts and the relevant industry participants

| Relevant data on the fixed access network provided by the incumbent operator Türk Telekom |
| The Reference Unbundling Offer of Türk Telekom submitted to the Authority (The draft or the final version which is not necessarily in force) |
## ANNEX II
### DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Component</th>
<th>2006</th>
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*Note: C = Complete, I = Incomplete*
# ANNEX III

## CONTRACTING AND DISBURSEMENT SCHEDULE

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ANNEX IV
REFERENCE LIST OF LAWS AND REGULATIONS
EU Legislation
1. Basic Directives and Decisions

- Directive (2002/21/EC) on a common regulatory framework
- Directive (2002/19/EC) on access and interconnection
- Directive (2002/20/EC) on the authorisation of electronic communications networks and services
- Directive (2002/22/EC) on universal service and users' rights relating to electronic communications networks and services
- Directive (97/66/EC) on the processing of personal data and protection of privacy (up to 30/10/2003)
- Directive (2002/77/EC) on competition in the markets for electronic communications services
- Decision (2004/641/EC) amending decision (2002/627/EC) establishing the European Regulators Group for Electronic Communications Networks and Services
- Decision (676/2002/EC) on a regulatory framework for radio spectrum policy in the European Community (Radio Spectrum Decision)
- Decision (2003/548/EC) on the minimum set of leased lines with harmonised characteristics and associated standards referred to in Article 18 of the Universal Service Directive

2. Other Legal Instruments

- Decision (2002/627/EC) establishing the European Regulators Group for Electronic Communications Networks and Services
- Decision (2002/622/EC) establishing a Radio Spectrum Policy Group
- Regulation (2887/2000/EC) on unbundled access to the local loop
- Directive (91/287/EEC) on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community
- Directive (90/544/EEC) on the frequency bands designated for the coordinated introduction of pan-European land-based public radio paging in the Community
- Directive (87/372/EEC) on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community
- European Commission, Commission guidelines on market analysis and the assessment of significant market power under the Community regulatory framework for electronic communications networks and services (2002/C 165/03)

National Legislation

   Turkish: www.tk.gov.tr/Duzenlemeler/Hukuki/Kanunlar/406.zip
   English: www.tk.gov.tr/doc/4502english.doc
   www.tk.gov.tr/doc/4673english.doc

2. Access and Interconnection Ordinance dated 23 May 2003
   Turkish:

3. Tariff Ordinance dated 28 August 2001
   Turkish:
   www.tk.gov.tr/Duzenlemeler/Hukuki/yonetmelikler/tarife.zip

   Turkish: http://www.tk.gov.tr/Duzenlemeler/Hukuki/tebligler/Yerel_Ag_Tebligi.pdf
   English: Not on web site but available on request

   Turkish: www.tk.gov.tr/Duzenlemeler/Hukuki/tebligler/RG_etkin_piyasa_gucu_tebligi.doc
   English: Not on web site but available on request

6. Principles and Procedures on Accounting Separation and Cost Accounting
   Turkish - English: Not on web site but available on request.