

türkiye ekonomi politikaları araştırma vakfı

economic stability institute

**Fiscal Monitoring Report
- 2007 April
Budget Results**

***Press Statement of SPO and
Our Expectations***

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I. 2007 April Month End Results

A. A Brief Look at the Central Government Budget Implementation 2007 April Month End Results

The central government budget has realized 65.8 billion YTL in cumulative expenditures and 60.4 billion YTL in cumulative revenues in the period January-April. Despite the positive effect of TELEKOM collection, the budget had a deficit of 5.4 billion YTL especially due to lower than expected tax collections.

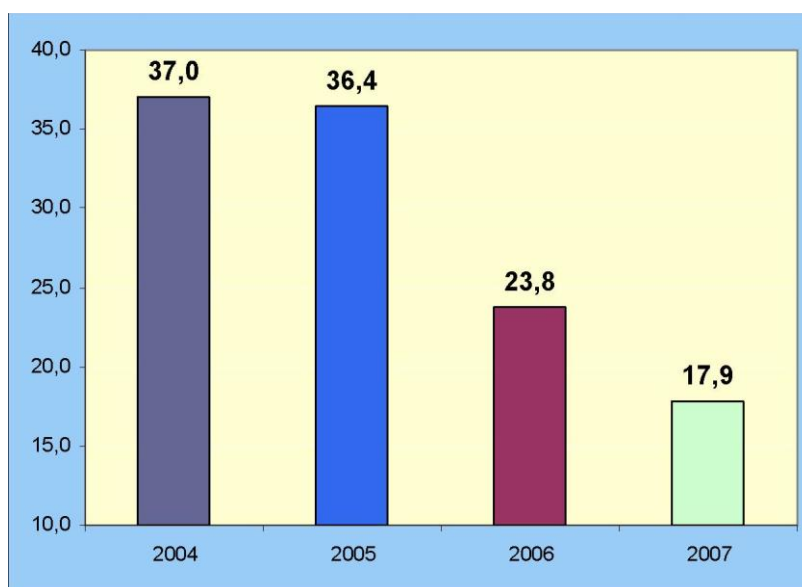
Table 1. Central Government April 2007 Realizations (Compared to 2006)

<i>million YTL</i>	April 2006	April 2007	Difference (%)
Expenditures	54.517	65.805	20,7
1-Primary Expenditures	39.124	46.757	19,5
Employee Expenditures	12.189	14.813	21,5
Social Sec. Inst. Govnt Premium	1.598	1.846	15,5
Purchase of Goods and Services	3.878	5.343	37,8
Current Transfers	17.959	20.609	14,8
Capital Expenditures	1.506	2.334	54,9
Capital Transfers	402	715	77,8
Lending	1.592	1.098	-31,0
Auxiliary Allocations			
2-Interest Expenditures	15.393	19.047	23,7
Revenues	50.490	60.424	19,7
1-General Budget Revenues	49.656	58.831	18,5
Tax Revenues	40.843	43.800	7,2
Enterprise and Property Revenues	2.446	3.114	27,3
Interests, Shares and Fines	6.108	5.780	-5,4
Capital Revenues	123	5.916	4.713,5
Received Donations and Aids	137	219	60,7
2-Special Budget Revenues	733	923	26,0
3-Revenues from Reg. and Sup.	101	670	566,4
Announced Budget Balance	-4.027	-5.380	-33,6
- Local Govt and Fund Share Payments	946	-154	
Corrected Budget Balance	-4.974	-5.226	5,1
Announced Primary Balance	11.366	13.667	20,2
Corrected Primary Balance (Local Govt and Fund Shares deducted)			
Program Defined Primary Balance	10.419	13.821	32,6
Program Defined Corrected Primary Balance	8.656	5.729	-33,8

Compared to the same period of last year, while the budget revenues have increased by a small margin of 2.8 % imbalance in the program defined primary balance deficit continued to increase due to the increase in primary expenditures by 20.4 % which lead to a deficit of program defined primary balance in April. As of the end of April, program defined primary surplus decreased by approximately 24 % compared to last year.

Program defined primary balance, as can be seen in the next graph, has displayed the worst performance in the last four years according corrected figures and it dropped to 17.9 % of the year end target.

Graphic 1. April Consolidated Budget (2004-2005) and Central Program Defined Primary Surplus Performance (2006-2007)



This development in the performance of program defined primary balance turns out to be much higher when it is evaluated without the local government and fund share corrections. The adverse effect seen in primary balance in Table 1, according to the disclosed figures, is 33.8 % whereas it comes down to the lower figure of 23.7 when, through the correction we made, it is shown in the local government and fund shares accounts.

As a matter of fact, due to some practices like deferrals of expenditures to the following years made in 2005 and 2006, and raising the revenues through certain accounting and financial reporting differences, budget performances of the following years look worse than they actually are supposed to be. To see the periodical real performance of the budget, the budget needs to be cleared of the effects of such practices. In other words, to approach budget figures more analytically, the budget figures need such corrections. It is expected that especially the negative effects observed in 2007 will be less than those of previous years' when these corrections are made. Such a calculation is done in the "Budget Trends" section of this report.

Prior to the 18th program in 2000, Turkey had a program defined primary deficit of 3-4 % of the GDP, but during the execution of the program primary surplus has gone up as high as 6.5 % and in the statements of the Treasury and IMF it has been claimed that the surplus came close to 7 % of the GDP¹.

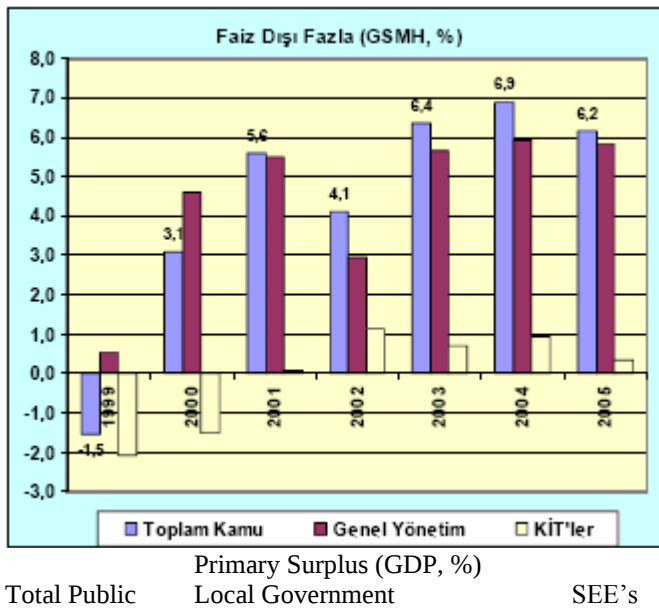
Meanwhile, in an environment in which expenditure reforms aimed at achieving resource savings and budget efficiency are not realized to the desired extent, achieving a success of this size seems to be discussable from two perspectives². First issue is the sustainability of a surplus of 6.5 % in an environment in which public surplus capacity is about 4-4.5 %. Second issue is the drifting off of public accounts from being truly informative because of the spoiling effects of financial reports and various consolidations carried out in public accounts (eg. not accruing the expenditures of public institutions for procurements of goods and services and even if they are accrued, not showing these

¹ For a detailed evaluation and tables in this issue, see Emil, Yılmaz (2004), How Was Public Debt Formed, How Did We Come To This Point?

² H. Hakan Yılmaz, The Quality Problem in Fiscal Adaptation in Stability Programs: Experience of Turkey in Post 2006 Period: April 27.

expenditures in the budget; the significant portion of the expenditures for the provision of healthcare services which are booked in the revolving capital budgets as accruals but which are not booked as expenditure items in other institutions' accounts) on accounting and financial reporting systems.

Graphic 2. Primary Surplus Performance (1999-2005)



Source: Emil, Yılmaz (2004); Yılmaz (2007)

In this context, unlike successful programs, financial adaptation in execution of the stability program in Turkey primarily relied on the income side. To accommodate the primary surplus, of the financial measures taken 30 % were in expenditures and 70 % were in revenues. Keeping in mind that 72 % of the measures taken in revenues were tax related, the financial success of the program can be attributed to the increase in tax revenues in the first period of the program.

In this context, another factor determining sustainability of financial adaptation is how much of the measures taken are one-time and how much are long lasting. Improvements in public finance

depend on the continuity of the measures taken and determined execution of them. From this perspective, 67 % of the measures taken in the five year period are seen to be one-time and the remaining 33 % are spread over the years. As a result, while financial discipline seems to be achieved in the sense that the goals are met, financial adaptation lead to an increase in the tax burden, and on the expenditure side structural problems about the continuity of the program and the liabilities of public institutions to one another and to the market increased significantly in the period 2002-2006. (Yılmaz 2007). Hence, budget performance of 2007 should not be thought separate from past years' trends and financial policy choices.

B. Budget Expenditures

The increasing trend of central government budget expenditures above that of inflation and growth since January continued in April as well. While budget expenditures increased by 8 %, primary expenditures increased by 20.4 % in April. The figures for the period January-April are 20.7 % and 19.5 %, respectively.

Table 2. 2006-2007 April Comparative Budget Expenditures

(million YTL)	January-March				
	2006	2007	Increase (%)	2006 Real. (%)	2007 Real. (%)
Central Government Total Budget Exp.	54.517	65.805	20,7	31,1	32,1
Primary Expenditures	39.124	46.757	19,5	30,2	30,8
I. Emp. and Soc. Sec. Ins. Gov. Pre. Exp.	12.189	14.813	21,5	32,3	33,9
II. Social Sec. Ins. Gov. Pre. Exp.	1.598	1.846	15,5	31,5	18,3
III. Purchase of Goods and Services	3.878	5.343	37,8	20,8	34,3
Health Expenditures	1.948	2.295	17,8	36,5	1.391,0
Medication Expenditures	275	309	12,5		
Treatment and Health Eq. Expenditures.	462	578	25,1		
Green Card	1.212	1.408	16,2		
Defense and Security (Except Health)	845	1.159	37,1	11,3	14,2
Other Goods and Services Expenditures	17.959	20.609	14,8	36,2	33,9
IV. Current Transfers	17.959	20.609	14,8	36,2	33,9
Duty Losses	610	347	-43,1	35,2	29,2
Treasury Aids	11.070	12.156	9,8	42,0	35,2
Social Sec. Inst.	10.367	11.471	10,7	43,9	35,5
Transfers to SSI	10.172	11.083	9,0	44,4	35,1
Unemployment Insurance Fund	195	388	99,0	29,6	51,1
Transfers to Non Profit Org.	109	174	60,7	58,6	26,3
Transfers to Households	210	340	61,3	26,4	36,5
Agricultural Transfers	2.307	2.218	-3,9	48,6	42,2
Other Transfers to Households	29	127	332,0	9,0	26,4
Social Transfers	6	0		22,6	4,0
Transfers to Overseas	109	130	19,2	18,5	20,5
Shares from Revenues	3.508	5.107	45,6	25,2	30,1
V. Capital Expenditures	1.506	2.334	54,9	12,6	19,3
VI. Capital Transfers	402	715	77,8	15,3	19,6
Domestic Capital Transfers	398	711	78,7	16,2	20,8
Foreign Capital Transfers	4	3	-12,8	2,2	1,5
VII. Lending	1.592	1.098	-31,0	42,6	29,7
Domestic Lending	1.552	1.074	-30,8	44,7	31,3
Foreign Lending	40	24	-40,4	15,2	9,0
VIII. Auxiliary Allowances					
Interest Expenditures	15.393	19.047	23,7	33,5	36,0

Source: Ministry of Finance Directorate of Accounting and our calculations

* Figures in duty losses have been added to SSI total for 2006

When we look at the major expenditure items in the budget, increase in the items purchase of goods and services, shares from revenues which is under current transfers, capital expenditures and capital transfers have been were higher than the average

increase. The highest increase among the first level expenditure items were in capital transfers due to Köy-Des payments, capital expenditures, and purchase of goods and services. In fact the last two items represent the concentration of deferred payments from the last year.

Although the increase in transfers to social security institutions seem to be a high 36.1 %, when it is brought to the same base so as to account for duty losses of two years it comes down to 10.7 %. Nevertheless, the rate of increase is expected to rise when the positive effect of premium remissions on current transfers will disappear in May.

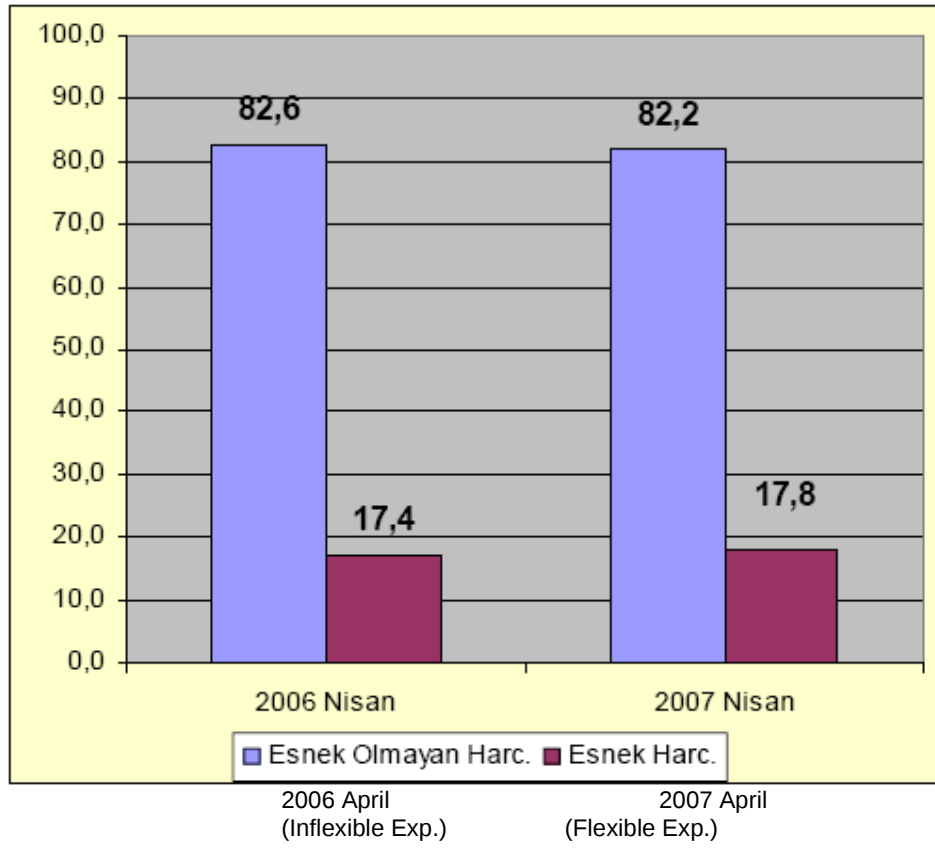
Table 3. Contribution of April Central Government Budget Primary Expenditures to Primary Expenditures

	Contribution to Increase	(%) Distribution
Primary Expenditures	19,5	100,0
Current Expenditures	10,4	53,6
Employee	6,7	34,4
Purchase of Goods and Services	3,7	19,2
Health	0,9	4,
Defense and Security	0,8	4,1
Current Transfers	6,8	34,7
Treasury Aids to Social Security Inst.	2,8	14,5
Transfers to SSI	2,3	11,9
Agricultural Transfers	-0,2	-1,2
Shares from Revenues	4,1	21,0
Capital Expenditures	2,9	14,9
Other	-1,3	-6,5

In terms of contribution to the increase in primary expenditures, it is seen that a little more than half of the increase is due to current expenditures. Current expenditures are followed by current transfers with a figure of 34.7%. By realization figures of April the share of capital expenditures began increasing.

Non-flexible expanses could not be lowered below 80% due to this generally stable expenditure structure. In this context, distribution of the flexible and non-flexible expenditures remained roughly the same compared to those of the previous year. By the end of April, the ratio of non-flexible expenditures was 82.2%.

Graphic 2. Development of the Share of Flexible and Inflexible Expenditures in the Budget (January-April)



C. Budget Revenues

Total budget revenues have increased by 19.7 % by the end of April. When privatization revenues are sorted out the overall increase in revenues drops down to 11 %. Hence, increase in budget revenues is roughly the same as the inflation figure.

Table 4. Central Government Budget Revenues (April)

(million YTL)	April 07	April 06	Incr. (%)
Central Government Revenues	60.424	50.490	19,7
A. General Budget Revenues	58.831	49.656	18,5
I-Tax Revenues	43.800	40.843	7,2
1. Taxes from Income and Earnings	12.554	11.225	11,8
a) Income Tax	9.422	7.802	20,8
Income Tax Collection	8.250	6.661	23,9
b) Corporate Tax	3.132	3.423	-8,5
Prepaid Corporate Tax	3.179	3.228	-1,5
2. Taxes from Properties	1.492	1.315	13,4
b) Motor Vehicles Tax	1.471	1.296	13,5
3. Domestic Goods and Services Tax	18.553	18.448	0,6
a) Domestic VAT	4.914	5.072	-3,1
b) Special Consumption Tax	11.234	11.344	-1,0
c) Bank and Insurance Transactions Tax	1.038	814	27,5
d) Lottery Games Tax	124	122	1,9
e) Special Communications Tax	1.243	1.096	13,4
4. Tax From Int. Trade and Trans.	8.546	7.680	11,3
b) VAT From Imports	7.749	7.098	9,2
5. Stamp Duty	1.153	990	16,5
6. Fees	1.485	1.165	27,5
7. Taxes Not Classified Elsewhere	16	19	
II- Enterprise and Property Revenues	3.114	2.446	27,3
III- Received Donations, Aids and Special Rev.	219	137	60,7
IV- Interests, Shares, Penalties	5.780	6.108	-5,4
1. Interest Revenues	1.614	1.461	10,4
V- Capital Revenues	5.916	123	4.713,5
B. Revenues from Special Budget Organizations	923	733	26,0
C: Revenues from Reg. and Superv. Agencies	670	101	566,4

The negative performance in central government revenues began showing itself mainly in tax revenues which is under general budget revenues. While the increase in general budget revenues was a significantly low figure of 2.8 % in April, some of the indirect taxes, mainly special consumption tax and domestic VAT, decreased by 10 %, some detail items decreasing by as much as 20 %.

By the end of April, compared to the same period of last year, “increase in budget tax revenues” continued to decrease and came down to 7.2 %. This fact shows that, the problem which started in the tax system has become a structural problem, as we have been pointing out continuously in our recent reports. With the lowering of the VAT taken over some food items in the beginning of June, we can say that tax revenues will come even further down in the second half of the year.

Except privatization revenues, mainly the increase in enterprise and property taxes, and tax fine collections prevented budget revenues from decreasing.

Table 5. 2006-2007 April Budget Tax Revenue Realizations and Contribution to Increase

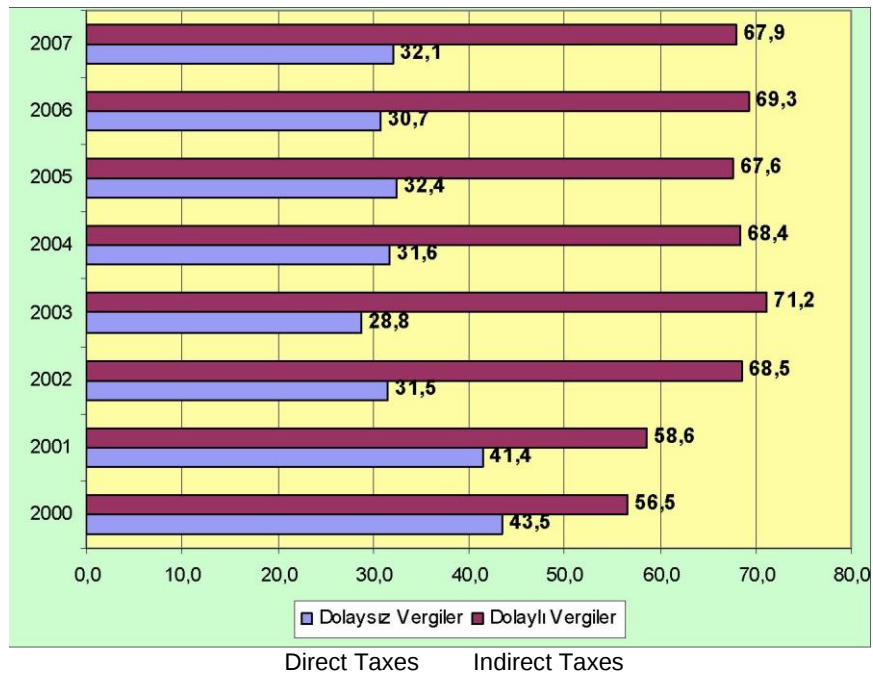
million YTL	April		Increase (%)	Contribution to Increase (%)
	2007	2006		
Tax Revenues	43.800	40.843	7,2	100,0
Taxes from Income and Corp. Revenues	12.554	11.225	11,8	44,9
Income Tax Collection	8.250	6.661	23,9	53,7
Prepaid Corporate Tax	3.179	3.228	-1,5	-1,7
Special Consumption Tax	11.234	11.344	-1,0	-3,7
Cokes, Sodas, Alcoholic Bev. and Tobacco	3.683	3.807	-3,2	-4,2
VAT Collection	12.663	12.170	4,0	16,6
VAT from Imports	7.749	7.098	9,2	22,0
Domestic VAT	4.914	5.072	-3,1	-5,3
Other Taxes	7.350	6.104	20,4	42,1
Stamp Duty	1.153	990	16,5	5,5
Fees	1.485	1.165	27,5	10,8

In the period January-April, domestic VAT and special consumption tax collections was lower than those of the previous year. Increase in VAT from imports and income tax,

as well as the positive performance of other taxes like stamp duty and fees prevented a further decrease in tax revenues in this period.

When we look at the general budget tax collection, we see that due to a periodic decrease in VAT from imports and special consumption tax, the share of direct taxes in total taxes increased by 1.4 %, compared to the sale period of the previous year, to be 32.1 %.

**Graphic 4. Direct and Indirect Tax Shares of 2000-2007 April
General Budget Revenue Collections**



D. Budget Trends

As we have stated in the previous fiscal monitoring reports, we have posited that deferrals of expenditures from last year have a significant effect on the degradation of the performance of the budget in the first few months of the year. Thus, we stressed that the low performance of the budget in the first few months should not be surprising. Data for April show that, apart from the deferrals from last year, this year's budget expenditures continued their increasing trend.

Table 6. % Increase in Corrected Budget Revenues and Expenditures

	Increase compared to the previous year	
	% Increase	
	Jan.-March	Jan.-April
Budget Expenditures		
Expenditures After Budget Corrections	25,6	20,7
	17,5	14,4
Primary Expenditures		
Primary Expenditures After Corrections	19,2	19,5
	8,6	10,9
Primary Revenues		
Primary Revenues After Corrections	20,3	19,7
	10,6	12,6
Tax Revenues		
Tax Revenues After Corrections	8,6	7,2
	9,4	8,0

Coupled with low realizations in tax revenues, this trend enforces the impression that there will be serious deviations in the budget, even more than forecasted, in the next months as well. To help the analyses in this issue, in the above table, increase rates of revenues and expenditures have been tried to be calculated by correcting for various practices of the last years on the 2007

Budget revenues and expenditures for January-March and January-April periods.³

The outcome of this table is that, even after correcting for last year's effect in the expenditure side, especially primary expenditures seems to exhibit an increasing trend. In fact, after the corrections have been done, primary expenditures for the period January-March have increased by 8.6 %, compared to the same period of the previous year, whereas it has been 11 % for the period January-April. On the other hand, on revenue side even after correction for VAT for Exports, it is noteworthy that there has been a real decrease especially in tax revenues, compared to the same period of the previous year.

As a result, taking into account that the term we are in is an election term, the trend of increase in expenditures can be expected to increase, whereas VAT and special consumption tax reductions made by the recent measures can be expected to have an adverse effect on the indirect tax performance for which alarm bells have been ringing already. In such a case, we can foresee that the overall budget performance will worsen by the end of the year, although occasional periodic advances can be seen in some months. This means that, should the new administration which will be in office after the elections choose the option of continuing the program with the IMF, it is a serious probability that they will be in a position to undertake a new program which aims to overcome the measures taken which increase expenditures and decrease revenues in the election term.⁴

³ On the expenditure side, corrections have been done by distributing local government and fund shares, VAT to Retirees, Accrued Expenditures, Liabilities to Contractors and other expenditures like Bağ-Kur and SSK premium remissions, which should have been recorded in the relevant year's accounts but deferred to next year, to the months they belong in the relevant year in accordance with certain assumptions. Other calculations which we published in the previous months' fiscal monitoring reports were used as a basis for these calculations. On the revenue side, corrections have been done by deducting one-time revenue items like excess TELEKOM cash and Savings Deposit Insurance Fund collections from the revenues items of the respective period. In addition to that, a correction has been made for VAT from Exports item by showing it in the respective year's account in accordance with previous year trends.

⁴ For a detailed evaluation in this issue, see TEPAV Monthly Bulletin, June.

II. Budget Financing and Developments in Debt Stock

Treasury cash balance was higher than that of budget cash balance in April as well. As we have pointed out in our previous reports, it is observed that budget (general and central government) and treasury cash balances are seen to have large differences, in favor of the latter. Another important reason for this difference was that the amount of 5.8 billion YTL, which entered into the accounts of Treasury due to moving forward the revenue for the sales of TELEKOM shares, was booked as revenue in the budget (thereby decreasing cash the deficit) whereas it was booked as a financing item in the accounts of the Treasury.

Table 7. Treasury Cash Balance (January-April)

(million YTL)	January*	February*	March*	April*	Total*
REVENUES	13.956	11.365	14.259	10.886	50.466
EXPENDITURES	17.524	15.894	15.696	15.070	64.183
Primary Expenditure	10.748	10.772	11.751	12.522	45.793
Interest Payments	6.776	5.121	3.945	2.548	18.390
PRIMARY BALANCE	3.208	593	2.509	-1.636	4.673
CASH BALANCE	-3.567	-4.529	-1.436	-4.184	-13.717
FUNDING	3.567	4.529	1.436	4.184	13.717
BORROWING (NET)	6.228	6.851	268	-1.808	11.539
EXTERNAL BORR. NET	905	590	-403	-1.454	-363
Utilization	1.811	3.472	145	41	5.469
Payment	906	2.882	548	1.496	5.831
DOMESTIC BORR. NET	5.323	6.261	671	-354	11.902
Utilization	15.789	8.188	12.427	8.206	44.610
Payment	10.465	1.927	11.755	8.560	32.708
PRIVATIZATION REVENUE	0	0	5.984	0	5.984
TRANSFERS FROM SDIF	0	0	11	66	77
ASSG.-GUARANT. DEBTR. RETURNS	32	82	92	94	300
BANK UTILIZATION	-2.692	-2.404	-4.919	5.833	-4.183
EXCHANGE RATE DIFF.	-46	-142	15	-742	-915
BANK UTILIZATION NET	-2.646	-2.262	-4.934	6.575	-3.268

Table 8. Cash Balances of General Budget and Central Government Budget (April)

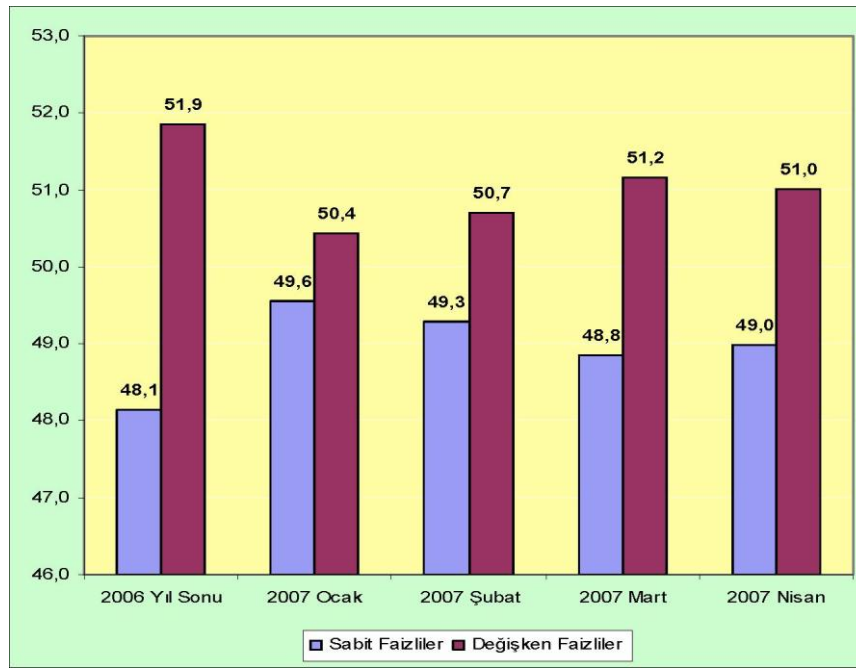
General Budget Balance		Central Government Budget Balance	
(million YTL)	April	(million YTL)	April
Budget Balance	-5.724	Budget Balance	-5.380
Escrows	-1.479	Escrows	-1.704
Advances	-621	Advances	-530
Cash Balance	-7.823	Cash Balance	-7.615
Funding	7.823	Funding	7.615
Total Net Borrowing	12.574	Total Net Borrowing	12.574
Privatization Revenue	0	Privatization Revenue	0
Cash Increase	-5.135	Cash Increase	-5.343

Domestic borrowing continues its dominance in cash balance financing. A small net repayment position in foreign debt is maintained while the Treasury seems to have inclined to revolve

its debt through domestic borrowing. A factor which somehow mitigated this was the TELEKOM sale revenue.

As a result of all these, we want to point out that to a large extent the Treasury had to use bank reserves to finance the cash deficit in April. Despite this, the accumulation of the Treasury's cash reserves has continued to increase.

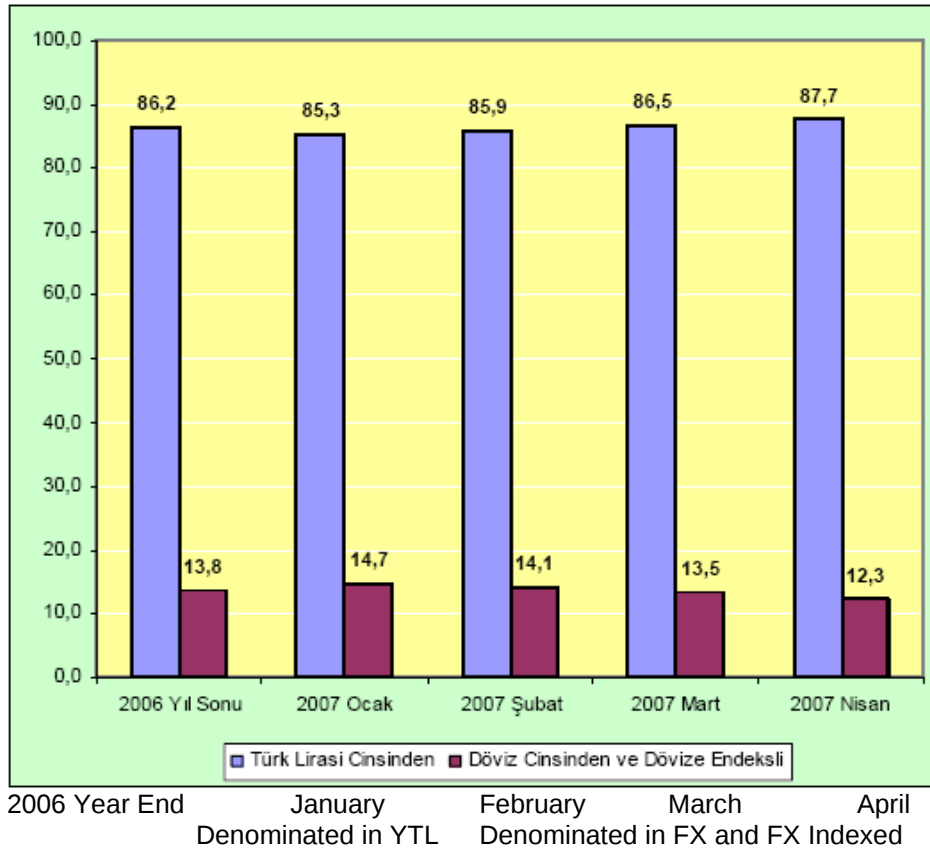
Graphic 5. Central Government Domestic Debt Stock Interest Composition



Fixed Interest Variable Interest

Central government seems to have maintained its debt stock interest composition which it has been having for a long time.

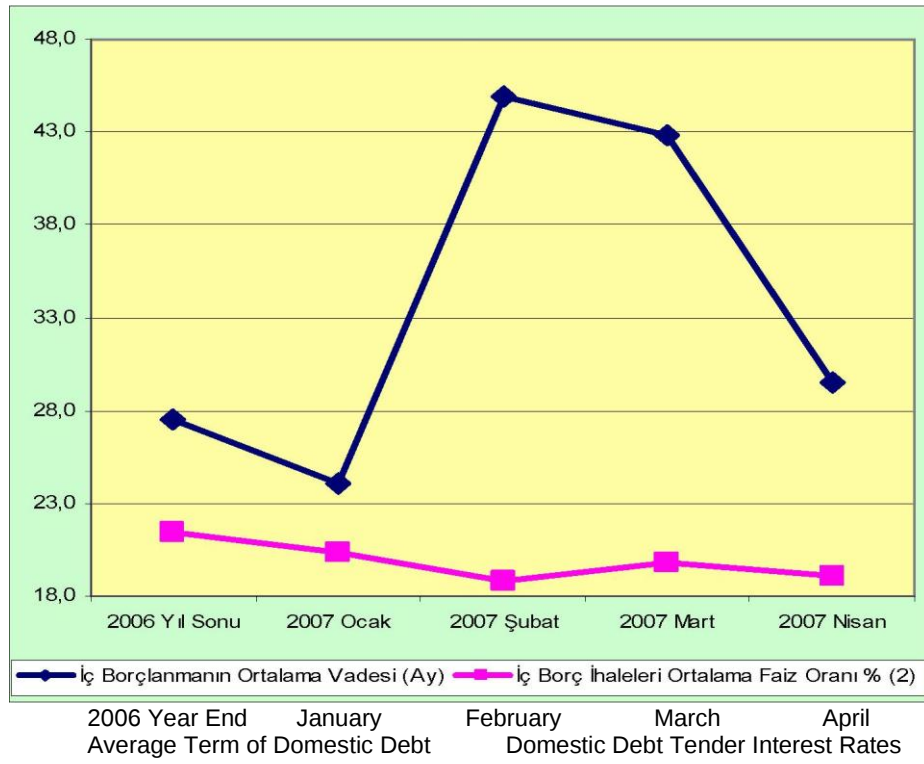
Graphic 5. Central Government Domestic Debt Stock YTL-FX Structure



On the other hand, the Treasury could decrease its debt stock denominated in FX by over 2 % since the beginning of this year.

Meanwhile, interest rates for domestic debt tenders continued their stable structure although they decreased relatively in April.

Graphic 7. Average Term for Domestic Debt and Interest Rate



III. Some Observations of the SPO with Respect to Local Government Accounts

As it is known, we pointed out the big differences between local government accounts disclosed by the Ministry of Finance and local government accounts disclosed by the SPO. Consequently, we questioned whether there was a methodological error and whether there have been interventions to these accounts, urging for further clarification. After our report was covered in the media SPO has issued a press statement through the Publications and Representations Division Presidency. We have included the full text of this statement as an attachment to our report. (See Annex 7)

In the three page press statement of the SPO, mainly the issues we have raised are not addressed. Rather the current situation is defended and it is stated that this is a matter of scope and methodology. There is no explanation as to what these scope and methodology are, and as to how the results which were very different than those of the Ministry of Finance were reached.

From this perspective, the press statement has some domestic discrepancies. For example, there is an effort to verify SPO's calculations by comparing them with the accounts of the same institution, whereas a paradoxical attitude is adopted by trying to abstrusely explain the differences between the Ministry of Finance's and SPO's calculations by the differences in scope and methodology while stating that a more detailed explanation will be provided later.

The only noteworthy point in the expressions of the press statement which does not address the abovementioned issues is the last paragraph. The following expression is in this paragraph:

“The details of our methods aimed at local government balancing and the details of our figures in the context of the Ministry of Finance’s data will be disclosed in the coming days.” In fact, the issue we raised in our March fiscal monitoring report was the demand for explanation of this information to public. Because the public has the right to know the real condition of local government accounts and which institution is responsible for this reality.

If instead of a three page defense of the situation, SPO press statement consisted of this last paragraph only it would have fulfilled a more beneficial role with respect to institutional accountability to the public.

We will continue monitoring the extent to which the commitment of “informing public” mentioned in the last paragraph of the press statement will be fulfilled.

ANNEX

Annex Table 1. Central Government Budget Allowances and Expenditures (April)

	January	February	March	April	Total	2007 Budget	% Realization	Distr. of Exp. (%)
Expenditures	18.487.861	15.313.502	15.640.534	16.362.700	65.804.597	204.988.546	32,10	100,00
Primary Expenditures	11.467.005	10.346.573	11.661.529	13.282.377	46.757.484	152.042.522	30,75	71,06
I. Employee Expenditures	4.360.556	3.427.153	3.404.677	3.620.372	14.812.758	43.669.799	33,92	22,51
Civil Servants	3.925.760	2.976.650	2.922.321	3.015.955	12.840.686	36.781.520	34,91	19,51
Workers	168.680	202.797	196.696	235.995	804.168	3.558.224	22,60	1,22
Others	266.116	247.706	285.660	368.422	1.167.904	3.330.055	35,07	1,77
II. Social Security Inst. Govnt Premium	546.960	429.219	429.403	440.374	1.845.956	10.101.779	18,27	2,81
Civil Servants	503.597	358.011	356.270	352.806	1.570.684	7.382.093	21,28	2,39
Workers	18.159	38.575	37.491	47.709	141.934	630.273	22,52	0,22
Others	25.204	32.633	35.642	39.859	133.338	2.089.413	6,38	0,20
III. Purchases of Goods and Services	837.912	1.226.122	1.396.979	1.881.916	5.342.929	15.587.406	34,28	8,12
Defense-Security	68.614	184.366	377.556	527.975	1.158.511	8.165.600	14,19	1,76
M.N.D.	50.136	144.448	292.909	425.865	913.358	6.586.000	13,87	1,39
Gendamerie	3.407	21.115	54.446	63.980	142.948	1.003.600	14,24	0,22
Police	15.071	18.803	30.201	38.130	102.205	576.000	17,74	0,16
Health Expenditures	482.965	738.217	447.603	626.314	2.295.099	165.000	1.390,97	3,49
Health Expenditures Related to Green Card	481.986	393.883	225.497	306.843	1.408.209	0		2,14
Medication	601	107.260	82.556	118.543	308.960	99.152	311,60	0,47
Treatment and Health Equipment	378	237.074	139.550	200.928	577.930	65.848	877,67	0,88
Govnt Debts General Expenditures	10.772	4.320	5.331	3.182	23.605	115.000	20,53	0,04
Other Goods and Services Expenditures	275.561	299.219	566.489	724.445	1.865.714	7.141.806	26,12	2,84
IV. Current Transfers	4.885.015	4.556.612	5.415.417	5.751.921	20.608.965	60.862.989	33,86	31,32
Duty Losses	67.273	30.869	55.063	193.944	347.149	1.187.853	29,22	0,53
SEE Duty Losses	40.000	0	10.000	140.000	190.000	660.000	28,79	0,29
SSI Duty Losses	0	0	0	0	0	0		0,00
Financial Institutions	6.527	25.000	34.473	31.000	97.000	345.000	28,12	0,15
Tax Returns to Pensioners	0	0	0	0	0	0		
Other Duty Losses	20.746	5.869	10.590	22.944	60.149	182.853	32,89	0,09
Treasury Subsidies	3.154.903	2.645.687	3.422.120	2.933.634	12.156.344	34.538.020	35,20	18,47
Treasury Subsidies to Soc. Sec. Inst.	65.031	61.765	70.704	190.500	388.000	760.000	51,05	0,59
Pension Funds	0	0	0	0	0	0		0,00
Bag-Kur	0	0	0	0	0	0		0,00
SSI	0	0	0	0	0	0		0,00
Unemployment Insurance Fund	65.031	61.765	70.704	190.500	388.000	760.000	51,05	0,59
Health, Retirement and Social Relief Expenditures	2.911.000	2.447.001	3.125.000	2.600.300	11.083.301	31.589.000		
Local Governments	158.109	86.472	166.211	97.162	507.954	1.471.493	34,52	0,77
Subsidies to Municipalities	1.375	168	51.380	720	53.643	56.850		0,08
Other (special provincial adm. and villages)	156.734	86.304	114.831	96.442	454.311	1.414.643	32,11	0,69
Other Treasury Subsidies	20.763	50.449	60.205	45.672	177.089	717.527	24,68	0,27
SPSF	0	35.000	30.000	29.000	94.000	400.000	23,50	0,14
Other	20.763	15.449	30.205	16.672	83.089	317.527	26,17	0,13
Transfers to Non-Profit Organizations	109.206	20.665	20.332	24.180	174.383	662.338	26,33	0,27
Transfers to Households	64.913	18.417	134.892	121.356	339.578	929.541	36,53	0,52
Scholarships and Allowances	57.742	5.579	68.368	33.337	165.026	385.579	42,80	0,25
Other Transfers for Education	911	1.754	47.553	61.559	111.777	435.529	25,66	0,17
Transfers for Health	28	5.656	4.122	4.653	14.459	52.987	27,29	0,02
Transfers for Food	6.141	4.664	13.211	20.927	44.943	52.230	86,05	0,07
Transfers for Housing	91	764	1.638	880	3.373	3.216	104,88	0,01
Agricultural Subsidization Payments	250.284	605.869	260.110	1.101.718	2.217.981	5.250.000	42,25	3,37
Direct Income Support	284	479.540	3.935	997.196	1.480.955	2.730.000	54,25	2,25
Product .Support Payments	120.000	25.000	101.209	25.000	271.209	1.560.000	17,39	0,41
Animal Husbandry Support Payments	130.000	100.000	50.000	0	280.000	710.000	39,44	0,43
Other	0	1.329	104.966	79.522	185.817	250.000	74,33	0,28
Other Transfers to Households	1.533	7.232	106.515	12.081	127.361	482.081	26,42	0,19
Social Transfers	920	2.611	2.296	2.942	8.769	219.059	4,00	0,01
Transfers to Overseas	33.204	26.148	38.265	32.676	130.293	636.524	20,47	0,20
Shares From Revenues	1.202.779	1.199.114	1.375.824	1.329.390	5.107.107	16.957.573	30,12	7,76
V. Capital Expenditures	145.987	483.680	628.454	1.075.635	2.333.756	12.103.930	19,28	3,55
VI. Capital Transfers	324.667	60.321	53.158	276.745	714.891	3.647.400	19,60	1,09
VII. Lending	365.908	163.466	333.441	235.414	1.098.229	3.694.600	29,73	1,67
Domestic Lending	365.908	154.611	333.440	220.415	1.074.374	3.429.600	31,33	1,63
SEE	162.800	141.000	144.786	139.900	588.486	1.360.000	43,27	0,89
Risk Account	29.445	13.611	12.567	39.698	95.321	600.000	15,89	0,14
Other	173.663	0	176.087	40.817	390.567	1.469.600	26,58	0,59
Foreign Lending	0	8.855	1	14.999	23.855	265.000	9,00	0,04
Cyprus	0	8.855	1	14.999	23.855	265.000	9,00	0,04
VIII. Auxiliary Allowances	0	0	0	0	0	2.374.619	0,00	0,00
Interest Expenditures	7.020.856	4.966.929	3.979.005	3.080.323	19.047.113	52.946.024	35,97	28,94
I. Domestic Debt Interests	5.975.205	4.053.227	3.352.209	2.260.494	15.641.135	43.626.000	35,85	23,77
II. External Debt Interests	1.008.546	904.430	606.329	300.584	2.819.889	8.450.024	33,30	4,29
III. Discounts and Short Term Transactions Interests	37.105	9.272	20.467	519.245	586.089	870.000	67,37	0,89

Annex Table 2. 2006-2007 General Central Government Budget Expenditure Comparisons (March)

	2006				2007				Increase	
	April	Total	Realization	Realiz. Ratio	April	Total	Realization	Realiz. Ratio	April	Total
Total Central Government Budget Expenditures	15.142.070	54.516.982	175.303.995	31,10	16.362.700	65.804.597	204.988.546	32,10	8,06	20,70
Primary Expenditures	11.031.167	39.124.091	129.358.763	30,24	13.282.377	46.757.484	152.042.522	30,75	20,41	19,51
Employee Expenditures	3.249.198	12.188.992	37.732.718	32,30	3.620.372	14.812.758	43.669.799	33,92	11,42	21,53
Soc. Sec. Inst. Gov't Premium Expenditures	383.276	1.597.558	5.067.252	31,53	440.374	1.845.956	10.101.779	18,27	14,90	15,55
Goods and Services Purchase Expenditures	1.239.848	3.878.463	18.646.449	20,80	1.881.916	5.342.929	15.587.406	34,28	51,79	37,76
Defense-Security	379.261	845.056	7.493.047	11,28	527.975	1.158.511	8.165.600	14,19	39,21	37,09
Health Expenditures	489.718	1.948.187	5.344.560	36,45	626.314	2.295.099	165.000	1.390,97	27,89	17,81
General Treatment and Health Equipment	125.098	461.873	1.629.800		200.928	577.930	65.848			
General Medical Expenditures	79.863	274.593	804.149		118.543	308.960	99.152			
Green Card Health Services	284.757	1.211.721	2.910.611		306.843	1.408.209	0			
Government Debt General Expenditures	2.682	23.936	85.360	28,04	3.182	23.605	115.000	20,53	18,64	-1,38
Other Purchase of Goods and Services	368.187	1.061.284	5.723.482	18,54	724.445	1.865.714	7.141.806	26,12	96,76	75,80
Current Transfers	4.819.523	17.958.768	49.603.306	36,20	5.751.921	20.608.965	60.862.989	33,86	19,35	14,76
Duty Losses	897.737	2.550.271	7.242.239	35,21	193.944	347.149	1.187.853	29,22	-78,40	-86,39
SEE' Duty Losses	13.326	240.609	710.760	33,85	140.000	190.000	660.000	28,79	950,58	-21,03
T.R. Retirement Fund	549.722	1.939.773	4.975.265	38,99	0	0	0		-100,00	-100,00
Treasury Aids	1.769.796	9.129.732	21.739.476	42,00	2.933.634	12.156.344	34.538.020	35,20	65,76	33,15
Social Security Inst. Treasury Aids	1.708.962	8.426.962	19.201.062	43,89	2.790.800	11.471.301	32.349.000	35,46	63,30	36,13
Emekli Sandığı (Civil Servants Retirement Fund)	1.514.000	8.232.000	18.543.000	44,39	2.600.300	11.083.301	31.589.000	35,09		
Bag-Kur (Self Employed Retirement Fund)	330.000	2.459.000	5.687.000	43,24	0	0	0		-100,00	-100,00
SSK (Workers Retirement Fund)	602.000	2.472.000	4.330.000	57,09	0	0	0		-100,00	-100,00
Unemployment Insurance Fund	582.000	3.301.000	8.526.000	38,72	0	0	0		-100,00	-100,00
Health, Retirement and Social Benefits	194.962	194.962	658.062	29,63	190.500	388.000	760.000	51,05		
Treasury Aid to Local Governments	122.329	485.881	1.509.032	32,20	97.162	507.954	1.471.493	34,52	-20,57	4,54
Other Treasury Aids	-61.495	216.889	1.029.382	21,07	45.672	177.089	717.527	24,68	-174,27	-18,35
Transfers to Non-profit Organizations	7.426	108.547	185.088	58,65	24.180	174.383	662.338	26,33	225,61	60,65
Transfers to Households	139.542	210.480	798.013	26,38	121.356	339.578	929.541	36,53	-13,03	61,34
Agricultural Transfers	897.005	2.307.005	4.746.722	48,60	1.101.718	2.217.981	5.250.000	42,25		-3,86
Other transfers to Households	12.928	29.482	329.023	8,96	12.081	127.361	482.081	26,42		332,00
Social Transfers	2.028	6.088	26.970	22,57	2.942	8.769	219.059	4,00		44,04
Transfers to Overseas	51.722	109.302	592.200	18,46	32.676	130.293	636.524	20,47		
Shares From Income	1.041.339	3.507.861	13.943.575	25,16	1.329.390	5.107.107	16.957.573	30,12		
Local Government Shares	842.133	2.745.207	10.906.193	25,17	987.874	3.938.843	13.632.573	28,89		
Shares to Funds	142.737	619.032	2.466.903	25,09	172.174	881.471	2.990.000	29,48		
Other Shares	56.469	143.622	570.479	25,18	169.342	286.793	335.000	85,61		
Capital Expenditures	507.611	1.506.177	11.934.206	12,62	1.075.635	2.333.756	12.103.930	19,28	111,90	54,95
Capital Transfers	82.264	402.175	2.637.056	15,25	276.745	714.891	3.647.400	19,60		
Domestic Capital Transfers	78.264	398.175	2.458.547	16,20	274.495	711.401	3.421.134	20,79		
Foreign Capital Transfers	4.000	4.000	178.509	2,24	2.250	3.490	226.266	1,54		
Lending	749.447	1.591.958	3.737.776	42,59	235.414	1.098.229	3.694.600	29,73	-68,59	-31,01
Domestic Lending	734.447	1.551.958	3.474.276	44,67	220.415	1.074.374	3.429.600	31,33		
Foreign Lending	15.000	40.000	263.500	15,18	14.999	23.855	265.000	9,00		
Auxiliary Allocations	0	0	0		0	0	2.374.619	0,00		
Interest Expenditures	4.110.903	15.392.891	45.945.232	33,50	3.080.323	19.047.113	52.946.024	35,97	-25,07	23,74

Annex Table 3. 2006-2007 General Budget Revenues (April)

	2007 April	2006 April	Increase (%)	2007 Budget Forecast	2006 Year End	Realization According to 2007 Budget (%)	Realization According to Year End 2006 (%)
General Budget Revenues	60.424.276	50.489.709	19,68	188.158.954	171.309.331	32,11	29,47
I-Tax Revenues	43.800.420	40.842.808	7,24	158.152.898	137.474.325	27,69	29,71
Taxes from Income, Profits, Capital Earnings	12.554.190	11.225.462	11,84	45.342.460	40.140.754	27,69	27,97
Income Tax	9.422.455	7.802.346	20,76	33.417.674	28.983.049	28,20	26,92
Declaration Based Income Tax	760.652	727.594	4,54		1.482.697		49,07
Lump Sum Income Tax	102.655	85.296	20,35		166.490		51,23
Income Tax Collection	8.249.914	6.660.837	23,86		26.348.394		25,28
Prepaid Income Tax	309.234	328.619	-5,90		985.468		33,35
Corporate Tax	3.131.735	3.423.116	-8,51	11.924.786	11.157.705	26,26	30,68
Declaration Based Corporate Tax	48.111	137.191	-64,93		523.637		26,20
Corporate Tax Collection	-95.457	57.956	-264,71		214.616		27,00
Prepaid Corporate Tax	3.179.081	3.227.969	-1,51		10.419.452		30,98
Taxes From Properties	1.492.248	1.315.485	13,44	3.639.729	3.117.184	41,00	42,20
Inheritance Tax	21.182	19.572	8,23	135.468	119.079	15,64	16,44
Motor Vehicles	1.471.066	1.295.913	13,52	3.504.261	2.998.105	41,98	43,22
Domestic Goods and Services Taxes	18.552.957	18.447.692	0,57	68.828.147	59.419.991	26,96	31,05
Domestic VAT	4.913.799	5.071.921	-3,12	20.200.498	15.923.069	24,33	31,85
Special Consumption Tax	11.233.525	11.343.526	-0,97	41.070.466	36.926.175	27,35	30,72
SCT from Petroleum and Natural Gas Products	6.224.008	6.021.541	3,36		20.550.743		29,30
SCT from Motor Vehicles	1.007.354	1.255.220	-19,75		4.138.481		30,33
Cokes, Sodas, Alcoholic Bev. and Tobacco	3.683.310	3.806.796	-3,24		11.262.044		33,80
SCT from Durable Goods and Other Goods	318.853	259.969	22,65		974.907		26,67
BITT	1.038.070	813.924	27,54	3.110.456	2.624.254	33,37	31,02
Other Taxes from Goods and Services	1.367.563	1.218.321	12,25	4.446.727	3.946.493	30,75	30,87
Transaction Tax From International Trade	8.546.285	7.680.213	11,28	32.053.232	27.551.053	26,66	27,88
Customs Taxes	783.866	568.952	37,77	2.375.876	2.080.931	32,99	27,34
VAT from Imports	7.748.941	7.098.393	9,16	29.583.000	25.425.510	26,19	27,92
Other Foreign Trade Income	13.478	12.868	4,74	94.356	44.612	14,28	28,84
Stamp Duty	1.153.050	990.158	16,45	3.638.443	3.148.720	31,69	31,45
Fees	1.485.226	1.164.628	27,53	4.594.000	3.952.188	32,33	29,47
Other Taxes Not Otherwise Classified	16.464	19.170	-14,12	56.887	144.435	28,94	13,27
II-Enterprise and Property Incomes	3.114.497	2.446.095	27,33	7.817.781	7.529.949	39,84	32,48
Income From Sales of Goods and Services	454.494	318.616	42,65	1.322.827	1.115.010	34,36	28,58
SEE and State Bank Incomes	1.931.211	1.072.074	80,14	3.593.637	3.626.959	53,74	29,56
Profits from Institutions	398.013	757.320	-47,44	2.199.829	1.728.806	18,09	43,81
Rent Income	199.682	179.114	11,48	701.488	641.702	28,47	27,91
Other Enterprise and Property Income	131.097	118.971	10,19	0	417.472		28,50
III-Received Donations and Aids and Special Income	219.328	136.506	60,67	480.118	416.509	45,68	32,77
Foreign Donations and Aids	12	68		7.137	3.658	0,17	1,86
Special Income	219.316	136.438	60,74	472.981	412.851	46,37	33,05
IV-Interests, Shares, Fees	5.780.467	6.108.069	-5,36	14.443.470	19.358.281	40,02	31,55
Interest Income	1.613.599	1.461.390	10,42	2.089.136	5.146.021	77,24	28,40
Shares from Persons and Institutions	1.850.294	2.058.943	-10,13	6.031.412	6.278.944	30,68	32,79
State Shares	54.665	51.158	6,86	247.333	198.088	22,10	25,83
Shares from General Budget Institutions	1.795.629	2.007.785	-10,57	5.784.079	6.080.856	31,04	33,02
Fines	1.405.624	686.398	104,78	3.129.396	4.360.565	44,92	15,74
Judicial Fines	50.193	30.643	63,80	115.396	112.067	43,50	27,34
Administrative Fines	191.823	129.774	47,81	395.556	398.617	48,49	32,56
Tax Fines	1.128.586	474.941	137,63	2.117.578	3.506.489	53,30	13,54
Other Fines	35.022	51.040	-31,38	500.866	343.392	6,99	14,86
Other Various Income	910.950	1.901.338	-52,09	3.193.526	3.572.751	28,52	53,22
V-Capital Income	5.916.131	122.907	4.713,50	2.565.816	1.841.105	230,58	6,68
Immovable Sales Income	77.344	119.422	-35,23	413.659	313.337	18,70	38,11
Movables Sales Income	-3.184	1.771	-279,79	5.157	8.787	-61,74	20,15
Other Capital Sales Income	5.841.971	1.714		2.147.000	1.518.981	272,10	0,11
Revenues of Specially Budgeted Administrations	923.357	732.779	26,01	3.263.692	3.291.509	28,29	22,26
Revenues of Reg. and Supervision Agencies	670.076	100.545	566,44	1.435.179	1.397.653	46,69	7,19

Annex Table 4. % Distribution of 2007 Central Government Budget Expenditures Classified Functionally and Economically (April)

4 a)

	Employee Exp.	SSI Prem. Paym.	Purch. of G. and Serv.	Interest Exp.	Current Trans.	Capital Exp.	Capital Trans.	Lending	Total
General Public Services	6,1	0,6	2,7	71,1	18,4	0,1	0,5	0,4	100
Defense Services	60,3	7,0	32,6	0,0	0,0	0,1	0,0	0,0	100
Public Order and Security Services	72,8	7,4	16,1	0,0	0,0	3,6	0,0	0,0	100
Economic Affairs and Services	14,4	2,2	5,6	0,0	46,7	21,9	0,4	8,7	100
Environmental Protection Services	76,3	10,4	10,1	0,0	0,0	3,2	0,0	0,0	100
Housing and Community Welfare Services	0,4	0,1	0,2	0,0	43,8	4,7	50,8	0,0	100
Health Services	44,5	6,6	44,2	0,0	0,2	4,5	0,0	0,0	100
Vacation, Cultural and Religious Services	63,0	8,7	13,7	0,0	9,8	4,4	0,4	0,0	100
Education Expenditures	67,0	8,7	10,5	0,0	4,2	4,7	0,2	4,7	100
Social Security and Social Benefits	0,6	0,1	0,8	0,0	98,6	0,0	0,0	0,0	100

4 b)

	Employee Exp.	SSI Prem. Paym.	Purch. of G. and Serv.	Interest Exp.	Current Trans.	Capital Exp.	Capital Trans.	Lending
General Public Services	11,1	9,4	13,4	100,0	23,9	1,7	17,3	10,9
Defense Services	11,2	10,4	16,9	0,0	0,0	0,1	0,0	0,0
Public Order and Security Services	17,9	14,6	11,0	0,0	0,0	5,7	0,0	0,0
Economic Affairs and Services	6,7	8,2	7,2	0,0	15,6	64,6	3,8	54,3
Environmental Protection Services	0,2	0,2	0,1	0,0	0,0	0,1	0,0	0,0
Housing and Community Welfare Services	0,0	0,0	0,0	0,0	2,3	2,1	76,3	0,0
Health Services	11,3	13,5	31,2	0,0	0,0	7,3	0,0	0,0
Vacation, Cultural and Religious Services	4,0	4,5	2,4	0,0	0,4	1,8	0,6	0,0
Education Expenditures	37,0	38,7	16,1	0,0	1,7	16,5	2,0	34,9
Social Security and Social Benefits	0,4	0,5	1,7	0,0	56,1	0,2	0,0	0,0
TOTAL	100	100	100	100	100	100	100	100

**Annex Table 5. Deficit Finance of the General Budget
(April)**

	January	February	March	April
PRIMARY BALANCE	1.062.507	3.908.486	12.451.827	13.323.511
BUDGET BALANCE	-5.958.349	-8.079.299	-3.514.963	-5.723.602
BUDGER ESCROWS	-1.449.607	-790.150	-835.033	-696.853
OTHER ESCROWS	91.079	57.775	-834.200	-781.729
ADVANCES	3.624.527	-439.332	-575.099	-620.910
Cash Balance	-3.692.350	-9.251.006	-5.759.295	-7.823.094
Treasury Funding	3.692.350	9.251.006	5.759.295	7.823.094
Total Net Borrowing (Borrowing min. repayment)	6.458.981	13.721.519	14.215.898	12.574.009
Total Borrowing	18.148.105	30.335.009	43.318.472	51.954.202
Domestic Borrowing	16.338.655	24.836.436	37.616.299	46.110.511
Bond	12.274.655	19.876.436	30.393.299	37.790.511
Bill	4.064.000	4.960.000	7.223.000	8.320.000
External Borrowing	1.809.450	5.498.573	5.702.173	5.843.691
Total Capital Repayment	-11.689.124	-16.613.490	-29.102.574	-39.380.193
Domestic Borrowing	-10.784.343	-12.807.338	-24.770.721	-33.523.736
Bond	-7.860.343	-7.956.338	-17.406.721	-24.533.736
Bill	-2.924.000	-4.851.000	-7.364.000	-8.990.000
External Borrowing	-904.780	-3.806.152	-4.331.853	-5.856.457
Funding Other Than Borrowing	49.958	131.951	223.944	383.793
Capital Collections From Previous Lending	49.958	131.951	212.831	306.724
Privatization Revenue	0	0	0	0
Transfers to Treasury				
Lending (-) Repayment (+)	0	0	11.113	77.069
Cash Movement (- in, + out)	-2.816.589	-4.602.464	-8.680.547	-5.134.708

Source: Und. Sec. of Treasury				

Annex Table 6. Composition of the Central Government Debt Stock (April)

(million YTL)	Central Govnt Debt Stock (End of 2006)	%	Central Govnt Debt Stock (Jan. 2006)	%	Central Govnt Debt Stock (Feb. 2006)	%	Central Govnt Debt Stock (March 2006)	%	Central Govnt Debt Stock (April 2006)	%
Structure of Domestic Debt Stock	251.470	100,0	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0
<i>In Terms of Holders</i>	251.470	100,0	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0
To Public	71.410	28,4	71.724	27,9	73.444	27,9	73.521	27,9	74.107	28,2
To Market	180.060	71,6	185.625	72,1	189.721	72,1	190.202	72,1	188.230	71,8
<i>In terms of Interest Structure</i>	251.470	100,0	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0
Fixed Interest	121.053	48,1	127.558	49,6	129.732	49,3	128.805	48,8	128.495	49,0
Variable Interest	130.417	51,9	129.791	50,4	133.434	50,7	134.919	51,2	133.841	51,0
<i>In Terms of FX Composition</i>	251.470	100,0	257.350	100,0	263.165	100,0	263.724	100,0	262.336	100,0
YTL	216.800	86,2	219.577	85,3	226.051	85,9	228.215	86,5	230.043	87,7
FX	32.989	13,1	36.031	14,0	35.383	13,4	33.781	12,8	30.601	11,7
FX Indexed	1.681	0,7	1.742	0,7	1.731	0,7	1.727	0,7	1.692	0,6
Structure of External Debt Stock	93.573	100,0	95.256	100,0	94.721	100,0	93.973	100,0	89.756	100,0
<i>In terms of Interest Structure</i>	93.573	100,0	95.256	100,0	94.721	100,0	93.973	100,0	89.756	100,0
Fixed Interest	65.113	69,6	66.820	70,1	68.999	72,8	68.602	73,0	66.407	74,0
Variable Interest	28.460	30,4	28.436	29,9	25.722	27,2	25.371	27,0	23.348	26,0
Structure of Total Debt Stock	345.043	100,0	352.605	100,0	357.886	100,0	357.697	100,0	352.092	100,0
<i>In Terms of Holders</i>										
To Public	71.410	20,7	71.724	20,3	73.444	20,5	73.521	20,6	74.107	21,0
To Market (1)	273.633	79,3	280.881	79,7	284.442	79,5	284.175	79,4	277.986	79,0
<i>In terms of Interest Structure</i>	345.043	100,0	352.605	100,0	357.886	100,0	357.697	100,0	352.092	100,0
Fixed Interest	186.166	54,0	194.378	55,1	198.731	55,5	197.407	55,2	194.902	55,4
Variable Interest	158.877	46,0	158.227	44,9	159.155	44,5	160.290	44,8	157.190	44,6
<i>In Terms of FX Composition</i>	345.043	100,0	352.605	100,0	357.886	100,0	357.697	100,0	352.092	100,0
YTL	216.800	62,8	219.577	62,3	226.051	63,2	228.215	63,8	230.043	65,3
FX	126.562	36,7	131.287	37,2	130.103	36,4	127.754	35,7	120.357	34,2
FX Indexed	1.681	0,5	1.742	0,5	1.731	0,5	1.727	0,5	1.692	0,5
Average Maturity of Domestic Debt Stock	24		23,9		23,9		24,9		24,8	
Average Maturity of Domestic Borrowing	27,5		24,1		44,9		42,8		29,5	
Average Interest Rate of Domestic Borrowing % (2)	21,47		20,36		18,85		19,81		19,1	

(1) It is assumed that the total External Debt Stock is held by the market.

(2) Discounted sales

Source: www.hazine.gov.tr

Annex 7.

PRESS STATEMENT ABOUT LOCAL GOVERNMENT DATA

MAY 14 2007

TO THE ATTENTION OF NEWS DIRECTOR AND TO WHOM IT CONCERNS

In the press statement of TEPAV as of May 10, 2007 and in the work titled March Fiscal Monitoring Report – Budget Results, differences between the local government revenue and expenditure figures published in the 2007 Program prepared by the Under secretariat of State Planning Organization, and the local government financial statistics prepared by the Ministry of Finance have been mentioned and starting from here some unfortunate evaluations misleading the public have been made. In this context, a need has arisen for a press statement by our Under secretariat to inform the public correctly.

All along, accumulated revenue and expenditure figures for municipalities and special provincial administrations have been being presented to the public by the Turkish Statistics Institution (TÜİK). Contrary to the claims of the abovementioned report, both researchers and other interested parties can access the figures for municipalities and special provincial administrations through publications of TÜİK. Nevertheless, essentially the final accounts figures provided by TÜİK have been being published with a two year delay because of the large number of local governments and because their final accounts come out in the following year.

Under secretariat of State Planning Organization uses the data for local governments primarily for Public Final Accounts Balance and for various works in its sphere of duties. Local government financial data which is used by our Under secretariat is based on final accounts of divisions monitored in the scope of balance and primarily on final accounts records published by TÜİK. Our responsibility to make projections using the most up-to-date data necessitates a survey study before waiting for the finalization of TÜİK data. When TÜİK final accounts are published, calculations obtained from surveys are revised.

The abovementioned survey study includes figures for 905 municipalities (which make up 90 % of the revenues and expenditure of the 3225 municipalities in our country), 81 special provincial administrations, and all of the water and sewage administrations, and public transportation and natural gas administrations of metropolitan city municipalities. Financial data from Bank of Provinces and which is agreed upon are combined with this data in the investment financing meetings between the Bank of Provinces and our Under secretariat, and local government balance as part of Public Sector General Balance is thus formed.

It has been seen that there have not been wide deviations between the results of our survey studies carried out by our Undersecretariat and final account figures published by TÜİK later. But in the aforementioned report, Under secretariat of State Planning Organization is said to have been “somehow” providing accounts for institutions outside of the central government and a meaningful approach is displayed, which aims for a suspicious attitude to the altruistic efforts which have been being carried out by our Under secretariat and our aggregated experience.

	First Year	Second Year	Third Year	Fourth Year	Deviations with Respect to Realizations (%)		
	Program (1)	Estimation with Year Half Data (2)	Estimation with Annual Data (3)	Realization (4)	(1) / (4)	(2) / (4)	(3) / (4)
2002							
Revenues	10.718	10.436	10.228	10.210	4,98	2,21	0,18
Expenditures	11.198	10.778	10.382	10.371	7,97	3,92	0,11
Revenue - Expenditure Difference	-480	-342	-154	-161			
2003							
Revenues	13.750	13.493	12.732	12.879	6,76	4,77	-1,14
Expenditures	14.414	13.887	14.369	14.236	1,25	-2,45	0,93
Revenue - Expenditure Difference	-664	-394	-1.637	-1.357			
2004							
Revenues	15.788	16.721	16.158	16.004	-1,35	4,48	0,96
Expenditures	16.429	16.879	15.744	15.709	4,58	7,45	0,22
Revenue - Expenditure Difference	-641	-158	414	295			
2005							
Revenues	19.470	20.271	20.450		-4,79	-0,88	
Expenditures	19.567	20.136	20.052		-2,42	0,42	
Revenue - Expenditure Difference	-97	135	398				

Source: Annual programs

* Deviation ratios are calculated for estimation with annual data

As can be seen in the table above, financial data for any given year are revised and kept in programs for four years. The necessary revisions are made based on up-to-date data obtained in various years; non-technical interventions, as claimed in the aforementioned report, are not made.

Under secretariat of State Planning Organization does not produce raw data, rather essentially it is an institution which processes and evaluates data produced by institutions responsible for production of statistics. Our Under secretariat has voiced opinions and made recommendations with respect to compiling of and disclosure of data to the public by the Ministry of Interior, TODAİE, TÜİK, the Ministry of Finance and other relevant institutions and supported projects launched with this objective. It would be a relevant point to evaluate the data compilation efforts of our Under secretariat with respect to financial statistics of local governments up till today.

Our ultimate goal in these efforts is to lay out the source-expenditure balance by forming Public Sector General Balance. In accordance with this goal, results of financial affairs among the units forming the local governments or between the units forming the local governments and other public administrations are netted out to prevent double counting. At the same time, as dictated by the logic of Public Sector General Balance, revenue and expenditure items are also netted out.

Differences between local government revenue and expenditure figures published by our Under secretariat in 2007 Program, and the statistics published by the Ministry of Finance is, to a large extent, due to the differences in scope, definitions and consolidation methodologies. Since compilation of data by the Ministry of Finance is not aimed at forming Public Sector General Balance some netting, especially those for financial relations with central government budget, made by us should not be expected from the Ministry of Finance as well. For this reason, comparison of the aforementioned figures would not produce meaningful results.

Defining Annual Programs which are Council of Ministers Decrees as "SPO Booklet" is not seen as an approach in good faith. Besides, it is observed that the report includes many mistakes, like error of the scope of the consolidated public sector, which has been developed with the IMF for monitoring purposes.

Under secretariat of State Planning Organization sees compatibility with international standards and production of series comparative with each other as priorities in data production and usage. It has a considerable aggregated experience in this issue. These should be taken into account when our Under secretariat's works are being evaluated.

As a result, since comparing two data sets which have different scopes, definitions and consolidation methodologies is not a correct approach, sound conclusions can not be drawn from such a comparison. In the name of not misguiding the public, it is seen as an ethical and technical necessity that institutions like TEPAV, which has a goal of carrying out economic research and claims to aim at informing the public, base their works, in areas which they are concerned with, on more detailed and correct information, and demand the necessary support from competent institutions.

Our methods aimed at forming local government balance and details of our figures with respect to the Ministry of Finance data will be presented to the public in the coming days.

Announced to the public with regards.