

türkiye ekonomi politikaları araştırma vakfı

economic stability institute

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

***What do the Recently Disclosed Local
Administration Accounts Tell Us?***

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I. 2007 March Month End Results

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

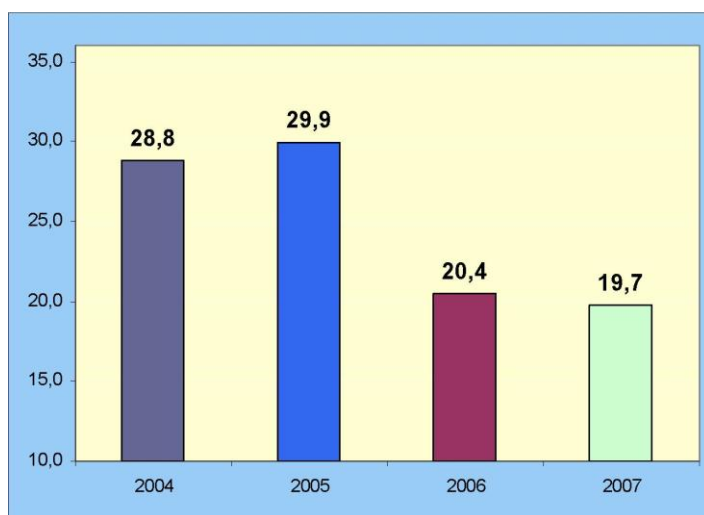
The central government budget has realized 49.4 billion YTL in cumulative expenditures and 46.1 billion YTL in cumulative revenues. The impact of additional gain in budgetary revenues due to the acceleration of the collection of TELEKOM payment leads to a budget deficit of 3.3 billion YTL. When the correction for TELEKOM share sales revenue is applied the real budget deficit turns out to be 9.2 billion YTL.

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

<i>million YTL</i>	Jan.- Mar. 2006	Jan.- Mar. 2007	Difference (%)
Expenditures	39.375	49.442	25,6
1-Primary Expenditures	28.093	33.475	19,2
Employee Expenditures	8.940	11.192	25,2
Social Sec. Inst. Govnt Premium	1.214	1.406	15,8
Purchase of Goods and Services	2.639	3.461	31,2
Current Transfers	13.139	14.857	13,1
Capital Expenditures	999	1.258	26,0
Capital Transfers	320	438	
Lending	843	863	2,4
Auxiliary Allocations	0	0	
2-Interest Expenditures	11.282	15.967	41,5
Revenues	38.325	46.109	20,3
1-General Budget Revenues	37.788	45.433	20,2
Tax Revenues	31.251	33.947	8,6
Enterprise and Property Revenues	1.663	1.780	
Interests, Shares and Fines	4.658	3.986	-14,4
Capital Revenues	95	5.882	
Received Donations and Aids	121	207	70,9
2-Special Budget Revenues	475	615	29,3
3-Revenues from Reg. and Sup.	62	62	0,0
Announced Budget Balance	-1.050	-3.332	-217,5
- Local Govt and Fund Share Payments	1.021	-5	
Corrected Budget Balance	-2.071	-3.327	60,7
Announced Primary Balance	10.232	12.634	23,5
Corrected Primary Balance (Local Govt and Fund Shares deducted)	9.211	12.639	37,2
Program Defined Primary Balance	7.646	6.218	-18,7
Program Defined Corrected Primary Balance	6.624	6.223	-6,1

Compared to the same period of last year and in the context of corrected figures, program defined primary balance has decreased 6.1 % in this period. As depicted in the following graph, this indicates that the primary surplus has continued its decreasing trend on a monthly basis.

Graphic 1. March Consolidated Budget (2004-2005) and Central Government Primary Surplus (Program Definition) Performance (2006-2007)



We had explained the unexpected developments which occurred in expenditures and revenues along with their reasons using tables in the February report. Without repeating the same tables in this report, we think it is beneficial to remind a point which we stressed in the previous report.

“For the last two years we have been stressing some issues in our Fiscal Monitoring Reports, like the gradual disappearance of fiscal transparency in public accounts, various account shifts and expenditure delays in the 2006 budget, government liabilities which should have been budgeted and recorded as expenditures in the year which they occur and thus affect the deficit but which were kept in the liability pool, one time privatizations and similar

revenue bookings. It is at least a satisfactory development that these issues have been being more apparent and being gradually acknowledged, albeit sometimes with timidity, by the economic commentators."

B. Budget Expenditures

Biçimlendirilmiş: Vurgulu Değil

Compared to last year, budget expenditures have increased by 25.6 % while primary expenditures have increased by 19.2 % which is considered to be high with respect to inflation and growth. Last year 21.7 % of primary budget expenditures have been realized in the first three months and this year this figure was 22 %.

Table 2. 2006-2007 March Comparative Budget Expenditures

(million YTL)	January-March				
	2006	2007	Increase (%)	2006 Real. (%)	2007 Real. (%)
Central Government Total Budget Exp.	39.375	49.442	25,6	22,5	24,1
Primary Expenditures	28.093	33.475	19,2	21,7	22,0
I. Emp. and Soc. Sec. Ins. Gov. Pre. Exp.	8.940	11.192	25,2	23,7	25,6
II. Social Sec. Ins. Gov. Pre. Exp.	1.214	1.406	15,8	24,0	13,9
III. Purchase of Goods and Services	2.639	3.461	31,2	14,2	22,2
Health Expenditures	1.458	1.669	14,4	27,3	1.011,4
Medication Expenditures	195	190	-2,2		
Treatment and Health Eq. Expenditures.	337	377	11,9		
Green Card	927	1.101	18,8		
Defense and Security (Except Health)	466	631	35,4	6,2	7,7
Other Goods and Services Expenditures	693	1.141	64,7	26,5	24,4
IV. Current Transfers	13.139	14.857	13,1	26,5	24,4
Duty Losses	1.653	153	-90,7	22,8	12,9
Treasury Aids	7.360	9.223	25,3	33,9	26,7
Social Sec. Inst.	6.718	8.681	29,2	35,0	26,8
Transfers to SSI	6.718	8.483	26,3	36,2	26,9
Emekli Sandığı (Civil Servants Ret. Fund)	2.129			37,4	
Bag-Kur (Self Employed Ret. Fund)	1.870			43,2	
SSK (Workers Ret. Fund.)	2.719			31,9	
Unemployment Insurance Fund	0	198		0,0	26,0
Transfers to Non Profit Org.	101	150	48,5	54,6	22,7
Transfers to Households	71	218	207,6	8,9	23,5
Agricultural Transfers	1.410	1.116	-20,8	29,7	21,3
Other Transfers to Households	17	115	596,4	5,0	23,9
Social Transfers	4	0		15,1	2,7
Transfers to Overseas	58	98	69,5	9,7	15,3
Shares from Revenues	2.467	3.778	53,2	17,7	22,3
V. Capital Expenditures	999	1.258	26,0	8,4	10,4
VI. Capital Transfers	320	438		12,1	12,0
Domestic Capital Transfers	320	437		13,0	12,8
Foreign Capital Transfers	0	1		0,0	0,5
VII. Lending	843	863	2,4	22,5	23,4
Domestic Lending	818	854	4,5	23,5	24,9
Foreign Lending	25	9		9,5	3,3
VIII. Auxiliary Allowances	0	0		0,0	0,0
Interest Expenditures	11.282	15.967	41,5	24,6	30,2

Source: Ministry of Finance Directorate of Accounting and our calculations

The major expenditure items in the budget which are employee expenditures, purchase of goods and services, Treasury aids and capital expenditures had a trend of increase above the average.

In our reports for the last months we made detailed evaluations on expenditures with some specialty. In this report we would like to stress that the increase in purchases of other goods and services as well as Treasury aids to social security institutions are noteworthy. The increase in purchase of goods and services in March were primarily due to consumption expenditures like those of fuel products and energy, transportation allowances and duty expenditures.

The increase in transfers to social security institutions was 29.2 % which is rather high but the change in this item which looks like an increase is thought to be because the data was not brought to the same base as of last year. When this adjustment is made the rate of change is found to be 5 %. Since the positive balance of social security institutions owing to the effect of the one-time precautionary premium remission of last year will not be present this year, budget transfers to these institutions are expected to increase proportionally in the next months.

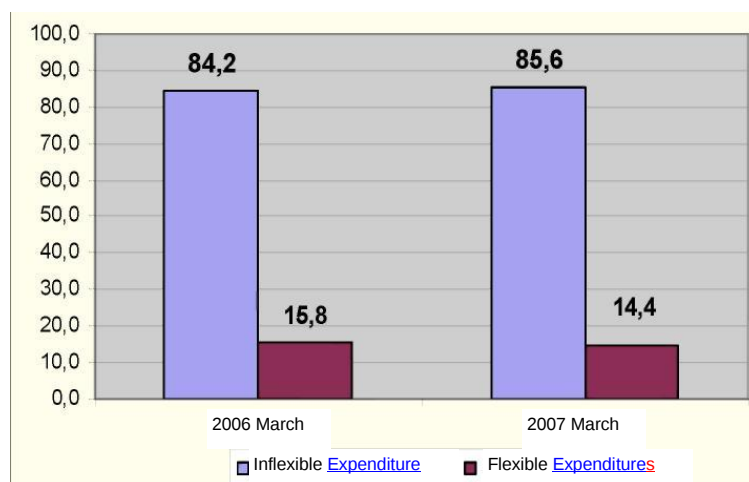
Table 3. Contribution of March Central Government Budget Primary Expenditures to Primary Expenditures

	Contribution to Increase	(%) Distribution
Primary Expenditures	19,2	100,0
Current Expenditures	10,9	57,1
Employee	8,0	41,9
Purchase of Goods and Services	2,9	15,3
Health		
Current Transfers	6,1	31,9
Treasury Aids to Social Security Inst.	7,0	36,5
Transfers to SSI	6,3	32,8
Agricultural Transfers	-1,0	-5,5
Shares from Revenues	4,7	24,4
Capital Expenditures	1,3	7,0
Other	0,1	0,4

On the basis of contribution to the rate of increase, this increase is seen to be primary due to non-flexible current expenditures like employee expenditures and transfers to social security institutions. About 80 % of the increase in primary expenditures was composed of these two items.

In March the percentage of non-flexible expenditures was 85.6 %. Compared to the same period of last year, the percentage of inflexible expenditures has increased by 1.5 points.

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



C. Budget Revenues

It has been repeatedly stressed that one-time precautions which affected the performance of 2006 budget positively would not be observed at the same level in 2007 and this would affect the 2007 budget adversely. In fact, in the January-February period the total budget revenue was lower than the level of last year's.

The remaining payment for the sale of TELEKOM shares, for which a collection of 2.1 billion YTL was foreseen in the 2006 budget, was done in a down payment of 5.8 billion YTL in March and the inclusion of this payment in the budget has pulled the budget revenues up.

Table 4. Central Government Budget Revenues (March)

(million YTL)	March 07	March 06	Incr. (%)
Central Government Revenues	46.109	38.325	20,3
I-Tax Revenues	33.947	31.251	8,6
1. Taxes from Income and Earnings	10.044	9.185	9,4
a) Income Tax	7.027	5.836	20,4
Income Tax Collection	6.313	5.054	24,9
b) Corporate Tax	3.018	3.349	-9,9
Prepaid Corporate Tax	3.127	3.186	-1,8
2. Taxes from Properties	1.385	1.218	13,7
b) Motor Vehicles Tax	1.369	1.204	13,7
3. Domestic Goods and Services Tax	14.223	13.401	6,1
a) Domestic VAT	3.847	3.868	-0,5
b) Special Consumption Tax	8.619	8.023	7,4
c) Bank and Insurance Transactions Tax	747	592	26,1
d) Lottery Games Tax	92	91	0,2
e) Special Communications Tax	920	826	11,4
4. Tax From Int. Trade and Trans.	6.265	5.573	12,4
b) VAT From Imports	5.676	5.159	10,0
5. Stamp Duty	881	734	20,0
6. Fees	1.136	855	32,8
Taxes Not Classified Elsewhere	13	285	
II- Enterprise and Property Revenues	1.780	1.663	7,0
III- Received Donations, Aids and Special Rev.	207	121	70,9
IV- Interests, Shares, Penalties	3.986	4.658	-14,4
1. Interest Revenues	822	1.162	-29,2
V- Capital Revenues	5.882	95	6.063,5
Revenues from Special Budget Organizations	615	475	29,3
Revenues from Reg. and Supervision Agencies	62	62	0,0

Recording of the collection, which arose from moving the sales revenue of the shares of TELEKOM forward, to “B” table in March is considered as a violation of the following two principles:

- ┌ devolving excess cash, which is obtained in accordance with the framework of privatization revenues which was framed in the Privatization Act's (number 4046) 10th article, to Treasury's accounts, to be used in domestic and external debt repayments, and
- ┌ the principle of booking revenues obtained through privatization in accordance with IMF GFS in the sources of finance, rather than in budget revenues.

The revenue from the sales of TELEKOM shares is to be booked in budget financing, rather than budget revenues. By the 11th article of the “Law About Providing Universal Service and Changes in Some Laws”, and in violence of general principles, the booking of these revenues in the “B” table lead to the budget looking better than it actually was. For a detailed evaluation of this issue, see TEPAV's “Usage of Privatization Revenues” report of September 2005.

The trend of lower realization of budget tax revenues than inflation and growth, compared to the same period of last year, continued in March. Budget tax revenues increased by 8.6 % compared to the same period of last year. As we have underlined in last month's report, this situation shows us that it has adopted a structural nature.

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

million YTL	March		Increase (%)	Contribution to Increase (%)
	2007	2006		
Tax Revenues	33.947	31.251	8,6	100,0
Taxes from Income and Corp. Revenues	10.044	9.185	9,4	31,9
Income Tax Collection	6.313	5.054	24,9	46,7
Prepaid Corporate Tax	3.127	3.186	-1,8	-2,2
Special Consumption Tax	8.619	8.023	7,4	22,1
Cokes, Sodas, Alcoholic Bev. and Tobacco	3.121	2.675	16,7	16,6
VAT Collection	9.522	9.027	5,5	18,4
VAT from Exports	5.676	5.159	10,0	19,2
Domestic VAT	3.847	3.868	-0,5	-0,8
Other Taxes	5.762	5.016	14,9	27,7

The periodic negative development in the collection of taxes is especially evident in Corporate Taxes (CT) and Domestic VAT Collections.

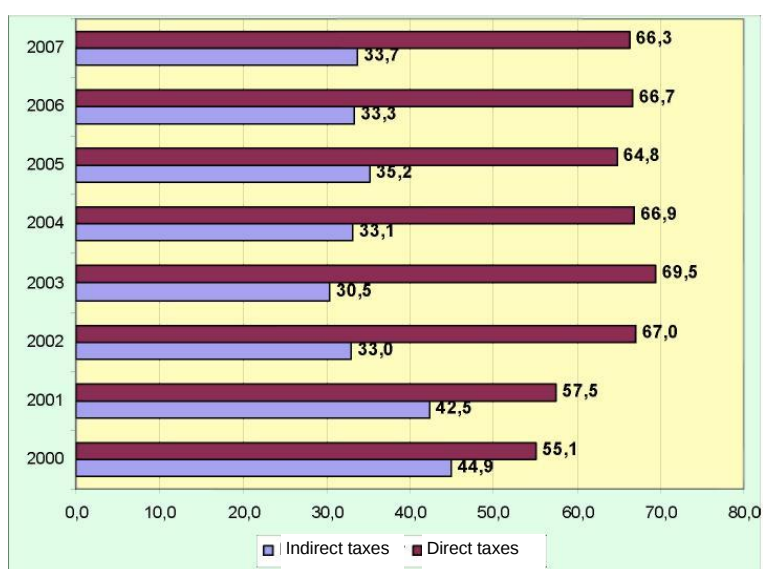
Compared to the same period of last year, corporate tax collection has decreased by 9.9 %. The 10 point decrease in corporate tax did not provide the expected increase in overall corporate tax collection; rather, overall corporate tax collection has decreased in this period.

Domestic VAT collection was also lower than the collection of last year. In addition to the fact that the increase in the realization of domestic VAT collections was 8.5 %, export VAT refunds and other VAT refunds as well as tax collections postponed to next month have been determinant in this performance.

The increases in VAT collections from imports and income tax withholding prevented the taxes from a further decrease in this period. 72 % of the 8.6 % increase in overall tax collections was due to these two items.

In the general tax revenues, the share of indirect taxes in total tax revenues increased by 0,4 points compared to the same period of last year due to the decrease in VAT collections to 33,7 %.

Chart 3. 2000-2007 Development of the Share of Direct and Indirect Taxes in General Budget Revenue Collections



II. Deficit Finance and Developments in the Debt Stock

Treasury cash balance is essentially one of the most important finance tables which shows cash movements financed by the Treasury. Representing the legal financial personality of the government, Treasury is the institution through which the majority of the Central Government institutions' expenditure needs are met and in which the majority of the revenues obtained by these institutions are collected. Hence, Treasury cash balance which is published earlier provides useful hints for the monitoring of fiscal performance and financing movements of the government as an early indicator of budget performance and it helps us form an opinion about the transparency of the accounts. Getting information about cash movements which are somehow not included in the budget is possible through monitoring Treasury cash balance tables, since Treasury cash balance also has the aspect of being used to finance extra budgetary expenditures.

Viewing Table 6 from this perspective, we see that the Treasury cash balance had a deficit of 9,5 billion YTL by the end of March.

Table 6. Treasury Cash Balance (January-March)

(million YTL)	January*	February*	March*	Total*
REVENUES	13.956	11.365	14.259	39.580
EXPENDITURES	17.524	15.894	15.696	49.113
Primary Expenditure	10.748	10.772	11.751	33.271
Interest Payments	6.776	5.121	3.945	15.842
PRIMARY BALANCE	3.208	593	2.509	6.310
CASH BALANCE	-3.567	-4.529	-1.436	-9.533
FUNDING	3.567	4.529	1.436	9.533
BORROWING (NET)	6.228	6.851	268	13.348
EXTERNAL BORR. NET	905	590	-403	1.092
Utilization	1.811	3.472	145	5.427
Payment	906	2.882	548	4.336
DOMESTIC BORR. NET	5.323	6.261	671	12.256
Utilization	15.789	8.188	12.427	36.404
Payment	10.465	1.927	11.755	24.148
PRIVATIZATION REVENUE	0	0	5.984	5.984
TRANSFERS FROM SDIF	0	0	11	11
ASSG.-GUARANT. DEBTR.				
RETURNS	32	82	92	206
LENDING	0	1	2	3
BANK UTILIZATION NET	2.692	2.405	4.921	10.019

* Provisional

On the other hand, viewing Table 7 it is observed that in the same period the General Budget and Central Government Budget deficits were 3,5 and 3,3 billion YTL, respectively; movements in budget deferred payment and advance accounts were actuated in payments; and these deficits in two budgets has reached 5.7 billion YTL. However, according to the Treasury, cash deficit in this period was 9,5 billion YTL. The large difference between these items lead to the Treasury's correctly considering the revenue obtained from Telekom privatization as a financing item, rather than a budget revenue; whereas the Ministry of Finance's booking the same revenue in the budget thereby decreasing the budget deficit and the cash deficits after deferred payments and advance accounts movements, which are tied to it, lower than they actually were.

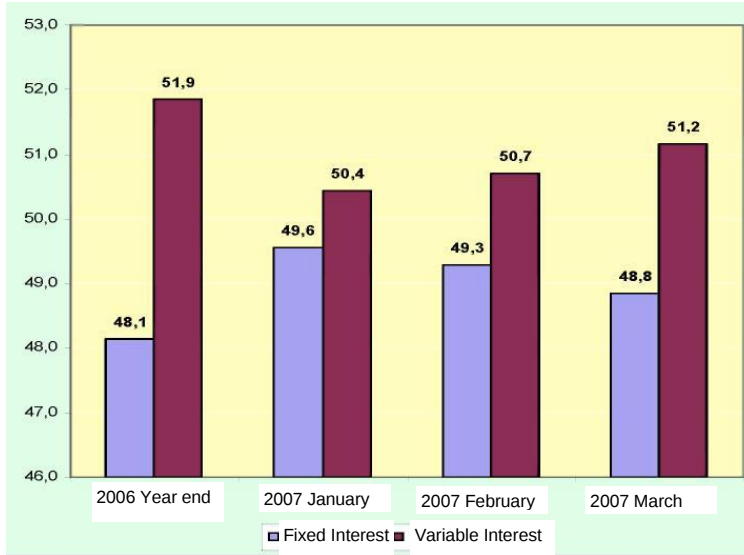
Table 7. Cash Balances of General Budget and Central Government Budget (March)

General Government Budget Balance		Central Government Budget Balance	
(million YTL)	March	(million YTL)	March
Budget Balance	-3.515	Budget Balance	-3.332
Deferred Payments	-1.669	Deferred payments	-1.825
Advances	-575	Advances	-496
Cash Balance	-5.759	Cash Balance	-5.653
Funding	5.759	Funding	5.653
Total Net Borrowing	14.216	Total Net Borrowing	14.216
Privatization Revenue	0	Privatization Revenue	0
Cash Increase	8.681	Cash Increase	-8.786

As of March, the 9,5 billion YTL deficit financed by the Treasury is financed through net borrowing and privatization (Telekom) revenue. Through the developments provided by these two items, an additional amount of funding equal to the Treasury's cash deficit has been obtained and the net amount cashed in since the beginning of the year has come close to 10 billion YTL. This will be an important reserve for debt repayments in the next months.

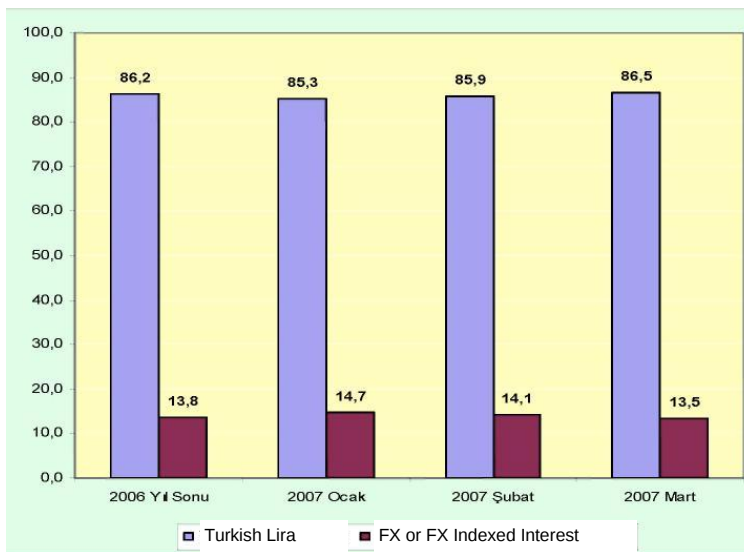
Due to these developments and movements in the debt stock of the first three months, the share of variable interest debts in interest composition has increased, albeit slightly.

Graphic 4. Central Government Domestic Debt Stock Interest Composition



In the currency composition of the debt stock, there was a little increase in favor of bills in YTL denomination. Although there has been a relative decrease in the maturity of the debt stock, the rigidity of the interests observed since last year is still prevalent.

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



III. What Do The Recently Disclosed Local Administration Accounts Tell Us?

An important article (53rd article) of the Public Fiscal Management and Control Law, which has been in effect during the last three years, states that “Financial statistics for Public Administrations is to be compiled and published by the Ministry of Finance in quarterly periods”. This means that the accounts of all of the institutions making up the government (central government, local administrations and social security institutions) will be disclosed as a whole to the public.

Up until now, when the notion of budget was mentioned the budget for the institutions making up the central government and their primary balance used to come to mind. In addition to other reasons, recording of the accounts of the central government institutions through a systematic manner of governmental accounting was instrumental in this understanding. The data about this magnitude labelled as Central Government Budget, which was used to be called Consolidated Budget in the past, is currently being published by the Ministry of Finance monthly.

On the other hand, accounts of the Local administrations, Social Security Institutions, Non-budgetary Funds, Agencies With Revolving Funds and State Economic Enterprises which account for the need for Public Sector Borrowing Requirement (PSBR) are published on an annual basis. The reasons for that were structural and technical difficulties, like the difficulty of collecting data frequently due to non-standardized accounting systems of these institutions and especially the large number of local administrations, as well as difficulties in controlling public accounts centrally through single computerized system.

Meanwhile, the practical solution to these difficulties was that the Ministry of Finance was keeping track of the central government budget by compiling data from the government accounting system whereas the accounts for the other institutions were somehow kept track of by the State Planning Organization (SPO) annually and eventually included in the (PSBR) calculations. For example, SPO used to collect revenue and expenditure figures of local administrations via surveys every year and then combine these figures with the budget data of the Ministry of Finance, data obtained from the Annual Investment and Funding Programs of the public economic enterprises, which were jointly collected by the Treasury and SPO, and data for the Social Security Institutions (consolidating all of the data) and calculating PSDN only annually. These calculations used to be completed rather late for the year which they belonged to and disclosed to the public via the SPO's annual program booklet.

As a result, accounts of the public sector used to be calculated monthly for the central government and annually and with a delay for the other institutions, and even then they used to be offered to the public without the calculation and consolidation techniques being disclosed. Consequently, the public and users were not informed of this information timely and consistently, which adversely affected the evaluation of the financial position of the government in wholeness and especially in frequent intervals during the year. Meanwhile, tables disclosed in SPO's Annual Programs were very brief and they were not allowing too much of an analysis since they were hard to comprehend by those who were not experts in the subject.

The special importance of the public sector primary surplus in the performance criteria of the economic program carried on with IMF, and IMF's desire of monitoring this quantity quarterly made it

necessary to compile and publish this data more frequently which used to be collected annually.

The problem here was that collecting periodic data from especially the local administrations of about 3200, in an environment where accounting standards have not yet been established, could not be accomplished. The same problem was with the state economic enterprises as well, while data for shorter periods of time could be gathered from the social security institutions somehow.

Under these circumstances, in the arrangements made with the IMF, a system of monitoring was adopted in which accounts of the local administrations were left out and only the data for the central government, state economic enterprises which were deemed important and social security institutions were being monitored on a quarterly basis, which led to the infamous 6,5 % primary surplus calculation. The logic here could be explained as follows: since a significant portion of the local administration accounts were made of the shares transferred from the central government to local administrations, if the central government accounts were controlled public sector borrowing requirement from the perspective of local administrations would be able to being monitored more realistically. As a matter of fact, trying to balance the imbalances arising from the expenditures of the other institutions in the primary surplus by decreasing the central government expenditures which can be monitored easily and thus which are controllable, is an extension of this apprehension.

The annual survey done by SPO consists of municipalities with a certain population, predominantly metropolitan municipalities, special provincial administrations and administrations affiliated with municipalities such as water and sewage administration, bus administration, etc. According to SPO officials, these administrations make up more than 90 % of all local administrations. The remaining 10 % is accounted for using statistical procedures and in accordance with their populations.

But especially starting in 2006, the impact of local administrations on public balance with respect to expenditures, primarily because of new authorities granted to local administrations, began to draw more attention since local administration investment expenditures came closer to and even surpassed the central government investment expenditures. As a result, a need for a closer monitoring of the revenue-expenditure balance and expenditures of local administrations arose. As a matter of fact, it would not be wrong to say that the word given to IMF for quarterly reporting of local administration accounts which had been introduced by the law number 5018 but could not be realized despite the legislative obligation was based on this concern.¹

As a result of these developments, the Ministry of Finance has announced that revenue and expenditure tables as well as detailed financial tables for local administrations are being disclosed in April.²

First of all, we would like to state that as a starter we welcome this action and reporting of the Ministry of Finance which we have been frequently criticizing in our fiscal monitoring reports for practices which were not transparent with respect to local administration accounts.

From this standing point, despite its certain shortcomings we can say that the data published by the Ministry of Finance is relatively reliable since they are based on accounting data (i.e. based on a transaction base), they have a certain homogeneity in the context of the analytical budget coding system and uniform accounting standards, and they reflect an domestic consolidation and an effort to prohibit double counting.

¹ For example, in the latest letter of intents word has been given that local administration accounts would be disclosed until the end of March 2007.

² For detailed information about published data see:
<http://www.muhasabat.gov.tr/mahalli/mah/mah1.php>

A question which comes to mind at this moment is what could be made out of a comparison of the data sets on local administration accounts published by the Ministry of Finance and SPO. To check whether there was a difference between the calculations of the two institutions with respect to data on local administration accounts published by the Ministry of Finance and SPO which they obtained through a survey for the same period and then included in the PSBR, we prepared the following table.

Table 8. Consolidated Budget Revenues and Expenditures for Local administrations (2006)

(million YTL)	MoF	SPO	Differ.	% Deviation	Percentage of GDP		
					MoF 5,8	SPO 4,1	Dif. 1,7
Budget Expenditures	33.530	23.621	9.909	42,0			
Current Expenditures	18.406	12.625	5.781	45,8	3,2	2,2	1,0
Employee Expenditures	7.285				1,3		
Social Sec. Inst. Govnt Prem.	1.005				0,2		
Purch. of Goods and Serv.	10.116				1,8	0,0	0,0
Investments	12.290	10.828	1.462	13,5	2,1	1,9	0,3
Capital Expenditures	12.290	10.803	1.487	13,8	2,1	1,9	0,3
Stock Exchange		25				0,0	
Transfers	2.834	168	2.666	1.586,9	0,5	0,0	0,5
Current Transfers	1.378	375	1.003	267,4	0,2	0,1	0,2
Capital Transfers	426	-1.222	1.648	-134,8	0,1	-0,2	0,3
Lending	357				0,1		
Interest Expenditures	674				0,1		
Expropriat. and Fixed Val. Increase		1.015				0,2	
Budget Revenues	32.172	24.066	8.106	33,7	5,6	4,2	1,4
Tax Revenues *	15.273	14.611	662	4,5	2,7	2,5	0,1
Non-tax Revenues	10.180	4.446	5.734	129,0	1,8	0,8	1,0
Capital Gains	1.991	5.009	-3.018	-60,3	0,3	0,9	-0,5
Received Donations and Aids	4.370				0,8		
Collections from Receivables	358				0,1		
Budget Balance	-1.358	445	-1.803	-405,3	-0,2	0,1	-0,3

Source: Our calculations from Ministry of Finance and SPO data

One of the first issues worth mentioning in the table is the fact that the expenditure figures of the Ministry of Finance are 42 % bigger than that of SPO, while it reaches 33,7 % in revenue figures. Thus, the expenditure and revenue figures of the two institutions have significant differences. Although SPO data is forecasted to be realized in 2006, this large difference gives way to some questions. The perspective of assuming that the data collected by

SPO via surveys represents 90 % of the real situation loses validity seriously because of the 30-40 % difference between the figures. We can list the questions that come to mind as follows:

[Are SPO data not reflecting the reality and are the calculations for PSBR made so far using this data which have been gathered via surveys misleading? In fact, the local administration budget balance which is announced to have a surplus by SPO has a deficit according to the Ministry of Finance data.

[The real local administration expenditures are much more than that is calculated by the State Planning Organization. So, is it the case that while the central budget is being shrunk, expenditures are being shifted largely to local administrations and SPO calculations do not reflect this? Is there a methodological error arising from the surveys?

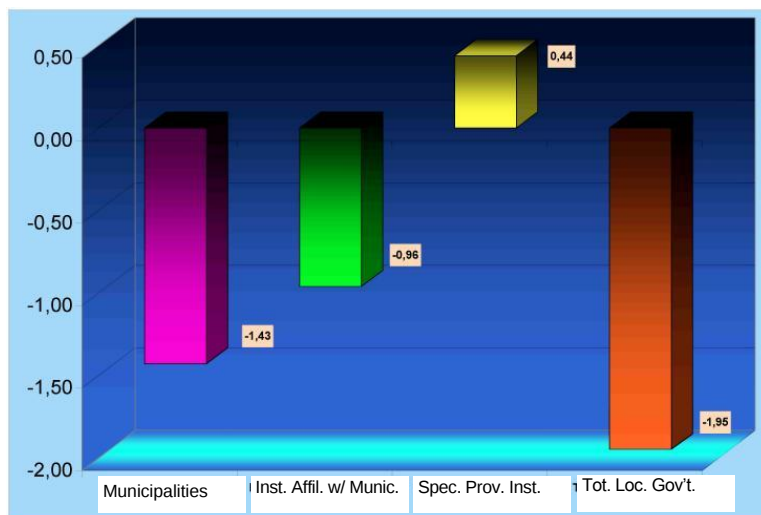
[Are SPO data being manipulated, while apart from minor divergences SPO survey data and the Ministry of Finance data are essentially the same?

We believe that, in addition to our concerns about the transparency of the Central Government Budget, these concerns about the transparency of the calculation method for local administration accounts which has been being used so far need to be dispelled by the commentaries of the authorities.

An examination of the other financial tables published by the Ministry of Finance reveals that:

[The net financial value of the local administrations is negative close to 2 % of the GDP, which means that they have more obligations than their assets, which is depicted in the following graph.

Graphic 7. The Ratio of (Net Financial Value Of The Local Administrations)/GDP (2006)



Source: Ministry of Finance, General Directorate of Public Accounts (April 2007)

About 60 % of the negative structure of the net financial value of the municipalities comes from metropolitan municipalities. From a total local administration expenditures perspective, when the institutions affiliated with metropolitan municipalities and special provincial administrations are included in the analysis, 90 % of the negative outlook in the net financial value is observed to arise from metropolitan municipalities.

More than half of the Short Term Financial Obligations is seen to be debts they have not paid to other public administrations and debts they booked in deferred payment accounts due to lack of cash for payments.

Table 9. Short Term Financial Obligations of Local Administrations (YTL, 2006)

300	BANK LOANS	727.011.583
303	FINANCIAL DEBTS TO PUBLIC ADMINISTRATIONS	4.389.891.000
309	OTHER SHORT TERM DOMESTIC FINANCIAL DEBTS	23.991.473
310	EXTERNAL FINANCIAL DEBTS TO BE PAID IN CURRENT YEAR	167.348.307
320	BUDGET DEFERRED PAYMENTS	4.261.056.825
322	DEBTS TO BE BUDGETED	1.028.109.860
330	DEPOSITS AND GUARANTEES RECEIVED	410.269.909
333	DEFERRED PAYMENTS	1.058.052.010
340	ADVANCES RECEIVED FOR SALES	2.969.239
349	OTHER ADVANCES RECEIVED	258.370
360	TAXES AND FUNDS PAYABLE	816.886.100
361	SOCIAL SECURITY DECUTIONS PAYABLE	1.164.726.214
362	FUNDA OR COLLECTIONS ON BEHALF OF OTHER PUBLIC ADM.	197.979.416
363	PUBLIC ADMINISTRATION SHARES	581.422.183
368	OVERDUE, DEFERRED OR INST.TAXES AND OTHER LIAB.	1.400.096.081
372	PROVISION FOR TERMINATION INDEMNITIES	28.721.260
379	OTHER DEBT AND EXPENDITURE PROVISIONS	22.877.537
380	INCOME RELATING TO FUTURE MONTHS	117.184.514
381	EXPENDITURE ACCRUALS	121.265.453
397	CASH SURPLUS	56.671
399	OTHER VARIOUS SHORT TERM LOAN CAPITAL	10.369
	TOTAL SHORT TERM FINANCIAL OBLIGATIONS	16.520.184.373

Source: Ministry of Finance, General Directorate of Public Accounts (April 2007)

46 % of total liabilities is composed of long term liabilities. In long term financial liabilities, debts to public administrations, primarily to the Treasury, and bank loans and foreign debt is over 90 % of total liabilities.

Table 9. Long Term Financial Liabilities Of Local Administrations (YTL, 2006)

400	BANK LOANS	3.179.022.240
403	FINANCIAL DEBTS TO PUBLIC ADMINISTRATIONS	7.633.508.000
409	OTHER LONG TERM DOMESTIC FINANCIAL DEBTS	567.461.936
410	EXTERNAL FINANCIAL DEBTS	2.131.084.821
430	DEPOSITS AND GUARANTEES RECEIVED	68.562.990
438	DEFERRED OR INST.TAXES AND OTHER LIAB. TO PUBLIC	339.754.795
440	ADVANCES RECEIVED FOR SALES	27.782.653
449	OTHER ADVANCES RECEIVED	49.605.433
472	PROVISION FOR TERMINATION INDEMNITIES	185.313.097
479	OTHER DEBT AND EXPENDITURE PROVISIONS	8.694.168
480	INCOME RELATING TO FUTURE YEARS	5.631.025
481	EXPENDITURE ACCRUALS	160.645.685
	TOTAL LONG TERM FINANCIAL OBLIGATIONS	14.357.066.842

Source: Ministry of Finance, General Directorate of Public Accounts (April 2007)

As a summary, the local administrations can be said to be in a serious financial distress from a perspective of both budget balances and stock liabilities and this can cause problems in the

future. In next month's monitoring report we will include a detailed evaluation of expenditure and revenue structures of local administrations along with budget revenue and expenditure realizations on a provincial basis.

ANNEX

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

	January	February	March	Total	2007 Budget	% Realization	Distr. of Exp. (%)
Expenditures	18.487.861	15.313.502	15.640.534	49.441.897	204.988.546	24,12	100,00
Primary Expenditures	11.467.005	10.346.573	11.661.529	33.475.107	152.042.522	22,02	67,71
I. Employee Expenditures	4.360.556	3.427.153	3.404.677	11.192.386	43.669.799	25,63	22,64
Civil Servants	3.925.760	2.976.650	2.922.321	9.824.731	36.781.520	26,71	19,87
Workers	168.680	202.797	196.696	568.173	3.558.224	15,97	1,15
Others	266.116	247.706	285.660	799.482	3.330.055	24,01	1,62
II. Social Security Inst. Govnt Premium	546.960	429.219	429.403	1.405.582	10.101.779	13,91	2,84
Civil Servants	503.597	358.011	356.270	1.217.878	7.382.093	16,50	2,46
Workers	18.159	38.575	37.491	94.225	630.273	14,95	0,19
Others	25.204	32.633	35.642	93.479	2.089.413	4,47	0,19
III. Purchases of Goods and Services	837.912	1.226.122	1.396.979	3.461.013	15.587.406	22,20	7,00
Defense-Security	68.614	184.366	377.556	630.536	8.165.600	7,72	1,28
M.N.D.	50.136	144.448	292.909	487.493	6.586.000	7,40	0,99
Gendarmerie	3.407	21.115	54.446	78.968	1.003.600	7,87	0,16
Police	15.071	18.803	30.201	64.075	576.000	11,12	0,13
Health Expenditures	482.965	738.217	447.603	1.668.785	165.000	1.011,38	3,38
Health Expenditures Related to Green Card	481.986	393.883	225.497	1.101.366	0		2,23
Medication	601	107.260	82.556	190.417	99.152	192,05	0,39
Treatment and Health Equipment	378	237.074	139.550	377.002	65.848	572,53	0,76
Govnt Debts General Expenditures	10.772	4.320	5.331	20.423	115.000	17,76	0,04
Other Goods and Services Expenditures	275.561	299.219	566.489	1.141.269	7.141.806	15,98	2,31
IV. Current Transfers	4.885.015	4.556.612	5.415.417	14.857.044	60.862.989	24,41	30,05
Duty Losses	67.273	30.869	55.063	153.205	1.187.853	12,90	0,31
SEE Duty Losses	40.000	0	10.000	50.000	660.000	7,58	0,10
SSI Duty Losses	0	0	0	0	0		0,00
Financial Institutions	6.527	25.000	34.473	66.000	345.000	19,13	0,13
Tax Returns to Pensioners	0	0	0	0	0		
Other Duty Losses	20.746	5.869	10.590	37.205	182.853	20,35	0,08
Treasury Subsidies	3.154.903	2.645.687	3.422.120	9.222.710	34.538.020	26,70	18,65
Treasury Subsidies to Soc. Sec. Inst.	65.031	61.765	70.704	197.500	760.000	25,99	0,40
Pension Funds	0	0	0	0	0		0,00
Bag-Kur	0	0	0	0	0		0,00
SSI	0	0	0	0	0		0,00
Unemployment Insurance Fund	65.031	61.765	70.704	197.500	760.000	25,99	0,40
Health, Retirement and Social Relief Expenditures	2.911.000	2.447.001	3.125.000	8.483.001	31.589.000		
Local administrations	158.109	86.472	166.211	410.792	1.471.493	27,92	0,83
Subsidies to Municipalities	1.375	168	51.380	52.923	56.850		0,11
Other (special provincial adm. and villages)	156.734	86.304	114.831	357.869	1.414.643	25,30	0,72
Other Treasury Subsidies	20.763	50.449	60.205	131.417	717.527	18,32	0,27
SPSF	0	35.000	30.000	65.000	400.000	16,25	0,13
Other	20.763	15.449	30.205	66.417	317.527	20,92	0,13
Transfers to Non-Profit Organizations	109.206	20.665	20.332	150.203	662.338	22,68	0,30
Transfers to Households	64.913	18.417	134.892	218.222	929.541	23,48	0,44
Scholarships and Allowances	57.742	5.579	68.368	131.689	385.579	34,15	0,27
Other Transfers for Education	911	1.754	47.553	50.218	435.529	11,53	0,10
Transfers for Health	28	5.656	4.122	9.806	52.987	18,51	0,02
Transfers for Food	6.141	4.664	13.211	24.016	52.230	45,98	0,05
Transfers for Housing	91	764	1.638	2.493	3.216	77,52	0,01
Agricultural Subsidization Payments	250.284	605.869	260.110	1.116.263	5.250.000	21,26	2,26
Direct Income Support	284	479.540	3.935	483.759	2.730.000	17,72	0,98
Product. Support Payments	120.000	25.000	101.209	246.209	1.560.000	15,78	0,50
Animal Husbandry Support Payments	130.000	100.000	50.000	280.000	710.000	39,44	0,57
Other	0	1.329	104.966	106.295	250.000	42,52	0,21
Other Transfers to Households	1.533	7.232	106.515	115.280	482.081	23,91	0,23
Social Transfers	920	2.611	2.296	5.827	219.059	2,66	0,01
Transfers to Overseas	33.204	26.148	38.265	97.617	636.524	15,34	0,20
Shares From Revenues	1.202.779	1.199.114	1.375.824	3.777.717	16.957.573	22,28	7,64
V. Capital Expenditures	145.987	483.680	628.454	1.258.121	12.103.930	10,39	2,54
VI. Capital Transfers	324.667	60.321	53.158	438.146	3.647.400	12,01	0,89
VII. Lending	365.908	163.466	333.441	862.815	3.694.600	23,35	1,75
Domestic Lending	365.908	154.611	333.440	853.959	3.429.600	24,90	1,73
SEE	162.800	141.000	144.786	448.586	1.360.000	32,98	0,91
Risk Account	29.445	13.611	12.567	55.623	600.000	9,27	0,11
Other	173.663	0	176.087	349.750	1.469.600	23,80	0,71
Foreign Lending	0	8.855	1	8.856	265.000	3,34	0,02
Cyprus	0	8.855	1	8.856	265.000	3,34	0,02
VIII. Auxiliary Allowances	0	0	0	0	2.374.619	0,00	0,00
Interest Expenditures	7.020.856	4.966.929	3.979.005	15.966.790	52.946.024	30,16	32,29
I. Domestic Debt Interests	5.975.205	4.053.227	3.352.209	13.380.641	43.626.000	30,67	27,06
II. External Debt Interests	1.008.546	904.430	606.329	2.519.305	8.450.024	29,81	5,10
III. Discounts and Short Term Transactions Interests	37.105	9.272	20.467	66.844	870.000	7,68	0,14

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

	2006				2007				Increase	
	March	Total	Realization	Realiz. Ratio	March	Total	Realization	Realiz. Ratio	March	Total
Total Central Government Budget Expenditures	12.460.017	39.374.912	175.303.995	22,46	15.640.534	49.441.897	204.988.546	24,12	25,53	25,57
Primary Expenditures	10.202.126	28.092.924	129.358.763	21,72	11.661.529	33.475.107	152.042.522	22,02	14,30	19,16
Employee Expenditures	2.748.564	8.939.794	37.732.718	23,69	3.404.677	11.192.386	43.669.799	25,63	23,87	25,20
Soc. Sec. Inst. Government Premium	370.734	1.214.282	5.067.252	23,96	429.403	1.405.582	10.101.779	13,91	15,83	15,75
Goods and Services Purchase Expenditures	1.250.622	2.638.615	18.646.449	14,15	1.396.979	3.461.013	15.587.406	22,20	11,70	31,17
Defense-Security	305.010	465.795	7.493.047	6,22	377.556	630.536	8.165.600	7,72	23,78	35,37
Health Expenditures	571.763	1.458.469	5.344.560	27,29	447.603	1.668.785	165.000	1.011,38	-21,72	14,42
General Treatment and Health Equipment	97.473	336.775	1.629.800		139.550	377.002	65.848			
General Medical Expenditures	61.925	194.730	804.149		82.556	190.417	99.152			
Green Card Health Services	412.365	926.964	2.910.611		225.497	1.101.366	0			
Government Debt General Expenditures	3.984	21.254	85.360	24,90	5.331	20.423	115.000	17,76	33,81	-3,91
Other Purchase of Goods and Services	369.865	693.097	5.723.482	12,11	566.489	1.141.269	7.141.806	15,98	53,16	64,66
Current Transfers	4.989.113	13.139.245	49.603.306	26,49	5.415.417	14.857.044	60.862.989	24,41	8,54	13,07
Duty Losses	938.262	1.652.534	7.242.239	22,82	55.063	153.205	1.187.853	12,90	-94,13	-90,73
SEE Duty Losses	86.391	227.283	710.760	31,98	10.000	50.000	660.000	7,58	-88,42	-78,00
T.R. Retirement Fund	840.000	1.390.051	4.975.265	27,94	0	0	0		-100,00	-100,00
Treasury Aids	2.486.976	7.359.936	21.739.476	33,86	3.422.120	9.222.710	34.538.020	26,70	37,60	25,31
Social Security Inst. Treasury Aids	2.202.000	6.718.000	19.201.062	34,99	3.195.704	8.680.501	32.349.000	26,83	45,13	29,21
Emekli Sandığı (Civil Servants Retirement Fund)	2.202.000	6.718.000	18.543.000	36,23	3.125.000	8.483.001	31.589.000	26,85		
Bag-Kur (Self Employed Retirement Fund)	560.000	2.129.000	5.687.000	37,44	0	0	0		-100,00	-100,00
SSK (Workers Retirement Fund)	720.000	1.870.000	4.330.000	43,19	0	0	0		-100,00	-100,00
Unemployment Insurance Fund	922.000	2.719.000	8.526.000	31,89	0	0	0		-100,00	-100,00
Health, Retirement and Social Benefits	0	0	658.062	0,00	70.704	197.500	760.000	25,99		
Treasury Aid to Local administrations	147.767	363.552	1.509.032	24,09	166.211	410.792	1.471.493	27,92	12,48	12,99
Other Treasury Aids	137.209	278.384	1.029.382	27,04	60.205	131.417	717.527	18,32	-56,12	-52,79
Transfers to Non-profit Organizations	5.777	101.121	185.088	54,63	20.332	150.203	662.338	22,68	251,95	48,54
Transfers to Households	53.096	70.938	798.013	8,89	134.892	218.222	929.541	23,48	154,05	207,62
Agricultural Transfers	65.000	1.410.000	4.746.722	29,70	260.110	1.116.263	5.250.000	21,26		-20,83
Other transfers to Households	10.830	16.554	329.023	5,03	106.515	115.280	482.081	23,91		596,39
Social Transfers	2.449	4.060	26.970	15,05	2.296	5.827	219.059	2,66		43,52
Transfers to Overseas	38.488	57.580	592.200	9,72	38.265	97.617	636.524	15,34		
Shares From Income	1.388.235	2.466.522	13.943.575	17,69	1.375.824	3.777.717	16.957.573	22,28		
Local administration Shares	1.026.874	1.903.074	10.906.193	17,45	1.016.825	2.950.969	13.632.573	21,65		
Shares to Funds	312.382	476.295	2.466.903	19,31	319.744	709.297	2.990.000	23,72		
Other Shares	48.979	87.153	570.479	15,28	39.255	117.451	335.000	35,06		
Capital Expenditures	352.139	998.566	11.934.206	8,37	628.454	1.258.121	12.103.930	10,39	78,47	25,99
Capital Transfers	318.911	319.911	2.637.056	12,13	53.158	438.146	3.647.400	12,01		
Domestic Capital Transfers	318.911	319.911	2.458.547	13,01	51.918	436.906	3.421.134	12,77		
Foreign Capital Transfers	0	0	178.509	0,00	1.240	1.240	226.266	0,55		
Lending	172.043	842.511	3.737.776	22,54	333.441	862.815	3.694.600	23,35	93,81	2,41
Domestic Lending	147.043	817.511	3.474.276	23,53	333.440	853.959	3.429.600	24,90		
Foreign Lending	25.000	25.000	263.500	9,49	1	8.856	265.000	3,34		
Auxiliary Allocations	0	0	0	0	0	0	2.374.619	0,00		
Interest Expenditures	2.257.891	11.281.988	45.945.232	24,56	3.979.005	15.966.790	52.946.024	30,16	76,23	41,52

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

	2007 March	2006 March	Increase (%)	2007 Budget Forecast	2006 Year End	Realization According to 2007 Budget (%)	Realization According to Year End 2006 (%)
General Budget Revenues	46,109.441	38,325.223	20,31	188.158.954	171.309.331	24,51	22,37
I-Tax Revenues	33.947.374	31.251.069	8,63	158.152.898	137.474.325	21,46	22,73
Taxes from Income, Profits, Capital Earnings	10.044.397	9.184.771	9,36	45.342.460	40.140.754	22,15	22,88
Income Tax	7.026.668	5.836.201	20,40	33.417.674	28.983.049	21,03	20,14
Declaration Based Income Tax	311.624	374.718	-16,84		1.482.697		25,27
Lump Sum Income Tax	94.853	79.867	18,76		166.490		47,97
Income Tax Collection	6.312.716	5.054.429	24,89		26.348.394		19,18
Prepaid Income Tax	307.475	327.187	-6,02		985.468		33,20
Corporate Tax	3.017.729	3.348.570	-9,88	11.924.786	11.157.705	25,31	30,01
Declaration Based Corporate Tax	1.871	118.455	-98,42		523.637		22,62
Corporate Tax Collection	-111.113	44.223	-351,26		214.616		20,61
Prepaid Corporate Tax	3.126.971	3.185.892	-1,85		10.419.452		30,58
Taxes From Properties	1.385.070	1.218.061	13,71	3.639.729	3.117.184	38,05	39,08
Inheritance Tax	16.291	14.247	14,35	135.468	119.079	12,03	11,96
Motor Vehicles	1.368.779	1.203.814	13,70	3.504.261	2.998.105	39,06	40,15
Domestic Goods and Services Taxes	14.223.464	13.400.732	6,14	68.828.147	59.419.991	20,67	22,55
Domestic VAT	3.846.559	3.867.687	-0,55	20.200.498	15.923.069	19,04	24,29
Special Consumption Tax	8.618.540	8.023.402	7,42	41.070.466	36.926.175	20,98	21,73
SCT from Petroleum and Natural Gas Products	4.575.239	4.291.683	6,61		20.550.743		20,88
SCT from Motor Vehicles	700.167	871.817	-19,69		4.138.481		21,07
Cokes, Sodas, Alcoholic Bev. and Tobacco	3.121.009	2.674.649	16,69		11.262.044		23,75
SCT from Durable Goods and Other Goods	222.125	185.253	19,90		974.907		19,00
BITT	746.901	592.347	26,09	3.110.456	2.624.254	24,01	22,57
Other Taxes from Goods and Services	1.011.464	917.296	10,27	4.446.727	3.946.493	22,75	23,24
Transaction Tax From International Trade	6.264.798	5.573.250	12,41	32.053.232	27.551.053	19,54	20,23
Customs Taxes	578.257	404.627	42,91	2.375.876	2.080.831	24,34	19,44
VAT from Imports	5.675.891	5.159.400	10,01	29.583.000	25.425.510	19,19	20,29
Other Foreign Trade Income	10.650	9.223	15,47	94.356	44.612	11,29	20,67
Stamp Duty	880.954	734.255	19,98	3.638.443	3.148.720	24,21	23,32
Fees	1.135.542	854.801	32,84	4.594.000	3.952.188	24,72	21,63
Other Taxes Not Otherwise Classified	13.149	285.199	-95,39	56.887	144.435	23,11	197,46
II-Enterprise and Property Incomes	1.779.561	1.662.696	7,03	7.817.781	7.529.949	22,76	22,08
Income From Sales of Goods and Services	604.065	227.537	165,48	1.322.827	1.115.010	45,66	20,41
SEE and State Bank Incomes	551.410	656.287	-15,98	3.593.637	3.626.959	15,34	18,09
Profits from Institutions	335.551	548.192	-38,79	2.199.829	1.728.806	15,25	31,71
Rent Income	174.301	133.692	30,38	701.488	641.702	24,85	20,83
Other Enterprise and Property Income	114.234	96.988	17,78	0	417.472		23,23
III-Received Donations and Aids and Special Income	207.386	121.353	70,89	480.118	416.509	43,19	29,14
Foreign Donations and Aids	12.472	7		7.137	3.658	174,75	0,19
Special Income	194.914	121.346	60,63	472.981	412.851	41,21	29,39
IV-Interests, Shares, Fees	3.986.033	4.657.802	-14,42	14.443.470	19.358.281	27,60	24,06
Interest Income	822.301	1.162.182	-29,25	2.089.136	5.146.021	39,36	22,58
Shares from Persons and Institutions	1.276.323	1.262.295	1,11	6.031.412	6.278.944	21,16	20,10
State Shares	42.013	38.796	8,29	247.333	198.088	16,99	19,59
Shares from General Budget Institutions	1.234.310	1.223.499	0,88	5.784.079	6.080.856	21,34	20,12
Fines	1.069.460	517.551	106,64	3.129.396	4.360.565	34,17	11,87
Judicial Fines	37.709	21.653	74,15	115.396	112.067	32,68	19,32
Administrative Fines	143.592	98.804	45,33	395.556	398.617	36,30	24,79
Tax Fines	859.634	361.147	138,03	2.117.578	3.506.489	40,60	10,30
Other Fines	28.525	35.947	-20,65	500.866	343.392	5,70	10,47
Other Various Income	817.949	1.715.774	-52,33	3.193.526	3.572.751	25,61	48,02
V-Capital Income	5.881.505	95.424	6.063,55	2.565.816	1.841.105	229,23	5,18
Immovable Sales Income	43.905	92.877	-52,73	413.659	313.337	10,61	29,64
Movables Sales Income	-4.371	833	-624,73	5.157	8.787	-84,76	9,48
Other Capital Sales Income	5.841.971	1.714		2.147.000	1.518.981	272,10	0,11
Revenues of Specially Budgeted Administrations	614.543	475.111	29,35	3.263.692	3.291.509	18,83	14,43
Revenues of Reg. and Supervision Agencies	61.771	61.768	0,00	1.435.179	1.397.653	4,30	4,42

4 a)

4 b)

[illegible]

Annex Table 5. General Budget Financing (March)

	January	February	March
PRIMARY BALANCE	1.062.507	3.908.486	12.451.827
BUDGET BALANCE	-5.958.349	-8.079.299	-3.514.963
BUDGER DEFERRED	-1.449.607	-790.150	-835.033
OTHER DEFERRED	91.079	57.775	-834.200
ADVANCES	3.624.527	-439.332	-575.099
Cash Balance	-3.692.350	-9.251.006	-5.759.295
Treasury Funding	3.692.350	9.251.006	5.759.295
Total Net Borrowing (Borrowing min. repayment)	6.458.981	13.721.519	14.215.898
Total Borrowing	18.148.105	30.335.009	43.318.472
Domestic Borrowing	16.338.655	24.836.436	37.616.299
Bond	12.274.655	19.876.436	30.393.299
Bill	4.064.000	4.960.000	7.223.000
External Borrowing	1.809.450	5.498.573	5.702.173
Total Capital Repayment	-11.689.124	-16.613.490	-29.102.574
Domestic Borrowing	-10.784.343	-12.807.338	-24.770.720
Bond	-7.860.343	-7.956.338	-17.406.720
Bill	-2.924.000	-4.851.000	-7.364.000
External Borrowing	-904.780	-3.806.152	-4.331.853
Funding Other Than Borrowing	49.958	131.951	223.944
Capital Collections From Previous Lending	49.958	131.951	212.831
Privatization Revenue	0	0	0
Transfers to Treasury			
Lending (-) Repayment (+)	0	0	11.113
Cash Movement (- in, + out)	-2.816.589	-4.602.464	-8.680.547

Source: Und. Sec. of Treasury

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

(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)	%
Structure of Domestic Debt Stock	251.470	100,0	257.349	100,0	263.165	100,0	263.723	100,0
<i>In Terms of Holders</i>	251.470	100,0	257.349	100,0	263.165	100,0	263.723	100,0
To Public	71.410	28,4	71.724	27,9	73.444	27,9	73.521	27,9
To Market	180.060	71,6	185.625	72,1	189.721	72,1	190.202	72,1
<i>In terms of Interest Structure</i>	251.470	100,0	257.349	100,0	263.166	100,0	263.724	100,0
Fixed Interest	121.053	48,1	127.558	49,6	129.732	49,3	128.805	48,8
Variable Interest	130.417	51,9	129.791	50,4	133.434	50,7	134.919	51,2
<i>In Terms of FX Composition</i>	251.470	100,0	257.350	100,0	263.165	100,0	263.723	100,0
YTL	216.800	86,2	219.577	85,3	226.051	85,9	228.215	86,5
FX	32.989	13,1	36.031	14,0	35.383	13,4	33.781	12,8
FX Indexed	1.681	0,7	1.742	0,7	1.731	0,7	1.727	0,7
Structure of External Debt Stock	93.573	100,0	95.256	100,0	94.721	100,0	93.893	100,0
<i>In terms of Interest Structure</i>	93.573	100,0	95.256	100,0	94.721	100,0	93.893	100,0
Fixed Interest	65.113	69,6	66.824	70,2	69.003	72,8	68.551	73,0
Variable Interest	28.460	30,4	28.432	29,8	25.718	27,2	25.342	27,0
Structure of Total Debt Stock	345.043	100,0	352.605	100,0	357.886	100,0	357.616	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
To Market (1)	273.633	79,3	280.881	79,7	284.442	79,5	284.095	79,4
<i>In terms of Interest Structure</i>	345.043	100,0	352.605	100,0	357.887	100,0	357.616	100,0
Fixed Interest	186.166	54,0	194.382	55,1	198.735	55,5	197.355	55,2
Variable Interest	158.877	46,0	158.223	44,9	159.152	44,5	160.261	44,8
<i>In Terms of FX Composition</i>	345.043	100,0	352.606	100,0	357.885	100,0	357.616	100,0
YTL	216.800	62,8	219.577	62,3	226.051	63,2	228.215	63,8
FX	126.562	36,7	131.287	37,2	130.103	36,4	127.674	35,7
FX Indexed	1.681	0,5	1.742	0,5	1.731	0,5	1.727	0,5
Average Maturity of Domestic Debt Stock (Mon)	24		23,9		23,9		24,9	
Average Maturity of Domestic Borrowing (Mon)	27,5		24,1		44,9		42,8	
Average Interest Rate of Domestic Borrowing % (2)	21,47		20,36		18,85		19,81	

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

(2) Discounted sales

Source: www.hazine.gov.tr