tepav

türkiye ekonomi politikaları araştırma vakfı

Stability Institute

Fiscal Monitoring Report

- 2009 December Budget Results

- Final Account Conformity Statement and Arbitrary use of Power by the Public Authority – Can the TGNA Control how the Budget Right is Executed?

I. December 2009 Budget Execution Results

A. A Brief Outlook at the Central Government Budget Implementation 2009 December Month End Results – Executive Summary

Central government budget had a revenue of 215.1 billion TL and expenditures of 267.3 billion TL corresponding to a deficit of 52.2 billion TL as per the temporary data announced as of the end of year. Compared to 2008, budget deficit increased by 200% reaching 52.2 billion TL.

Primary expenditures rose by 22% whereas budget revenues increased by 3% leading to a budget deficit; as a result of which budget deficit realized five folded the level foreseen in the 2009 fiscal year budget draft as submitted to the Great National Assembly of Turkey (TGNA).

Table 1. Central Government Budget December 2009 Realizations (Compared to 2008)

million YTL	Dec.08	Dec.09	Change (%)	Real comp. 2008 Allow.	Real. comp. To 2009 Allow.
Expenditures	**227,031**	**267,275**	**17.73**	**102.01**	**103.13**
1-Primary Expenditures	**176,369**	**214,074**	**21.38**	**105.89**	**106.16**
Personnel	48,856	55,930	14.48	100.38	97.76
Govern. Premiums to Social Security	6,408	7,206	12.46	100.03	99.49
Provision of Goods and Services	24,412	29,594	21.23	106.58	116.27
Current Transfers	70,360	91,761	30.42	101.67	104.33
Capital Expenditures	18,516	19,847	7.19	157.25	133.75
Capital Transfers	3,174	4,314	35.92	152.26	152.71
Lending	4,644	5,422	16.75	118.06	116.33
Reserve Appropriations	0	0			
2-Interest Expenditures	**50,661**	**53,201**	**5.01**	**90.47**	**92.52**
Revenues	**209,598**	**215,060**	**2.61**	**102.46**	**86.45**
1-General Budget Revenues	**203,027**	**208,656**	**2.77**	**101.81**	**85.88**
Tax Revenues	168,109	172,417	2.56	98.19	85.32
Enterprise and Property Revenues	7,422	9,944	33.98	82.67	135.07
Interests, Shares and Fines	17,126	23,070	34.71	121.30	118.77
Capital Revenues	9,114	2,044	-77.57	211.61	15.56
Grants and Aids	850	879	3.51	106.00	93.37
Collections from Loans	407	302	-25.74		
2-Special Budget Revenues	**4,825**	**4,603**	**-4.61**	**141.20**	**118.69**
3-Rev. from Superv. and Reg. Agencies.	**1,747**	**1,802**	**3.14**	**101.05**	**93.65**
Budget Balance	**-17,432**	**-52,215**	**199.53**	**96.86**	**502.18**
Primary Balance	**33,229**	**986**	**-97.03**	**87.44**	**2.09**
Program Defined Primary Balance	**17,740**	**-14,343**		**56.70**	

Following points can be underlined assessing the 2009 central government budget results in terms of initial magnitudes and the revisions introduced throughout the year:

- Budget expenditures increased by 3.1% compared to the initial budget and by 0.2% compared to the realization estimates declared in October.

- Primary budget expenditures rose by 4.8 and 1% compared to the initial budget and the realization estimates, respectively. Accordingly, the increase in budget expenditures in 2009 resulted mainly from the rise in primary expenditures.

- The biggest contribution to the deviation from initial budget targets was made by capital expenditures, provision of goods and services, and from current transfers. When compared to the realization estimates the biggest contribution was made by provision of goods and services, capital transfers, and capital expenditures, respectively. Deviations from the initial target are driven by the 'current transfers' item under which capital expenditures and transfers to Social Security Institution (SSI) are covered while the deviations from the revised budget targets are dominated by the changes in the provision of goods and services item stemming from the expenditures on Green Card.

As a result, it can be stated that

- Budget expenditures continued to increase reaching beyond all estimates done so far.

- Budget revenues stood 13.6% below the initial targets and 5.5% above the realization estimates.

- The biggest contribution to the fall in budget revenues was made by the fall in tax revenue collections accounting for almost the 90% of the fall. Considering the realization estimates, the major contribution to the rise in budget revenues was made by the increase in tax revenues with 80%.

- Realizations of budget revenues which surpassed the final estimates are striking.

- Tax collections in 2009 November-December increased by 20% compared to the same period in 2008.

- This increase is driven by the rise in corporations tax (32.2% increase), domestically collected VAT (45% increase) and SCT (19.2% increase).

- Considering that the collections of corporations tax is contributed to by the banking sector and of VAT by the recently introduced tax raises, part of the improvements in tax collections can be explained. However, it is not yet clear whether or not the increase in particularly the domestically collected VAT is a result of the recent economic revival.

- As a result of the developments underlined above, 2009 year end budget deficit estimate was revised upwards first from 10.3 billion TL to 48.3 billion TL and then to 62.2 billion TL. Nonetheless, budget deficit was realized at 52.2 TL indicating a deviation by four times of the initial target.

- Initial budget deficit estimates imply that the realism and devoutness, the fundamental principles of the budget, are ignored. That the realization was lower than the latest revised estimate by the public authority implies a situation that cannot be legitimized.

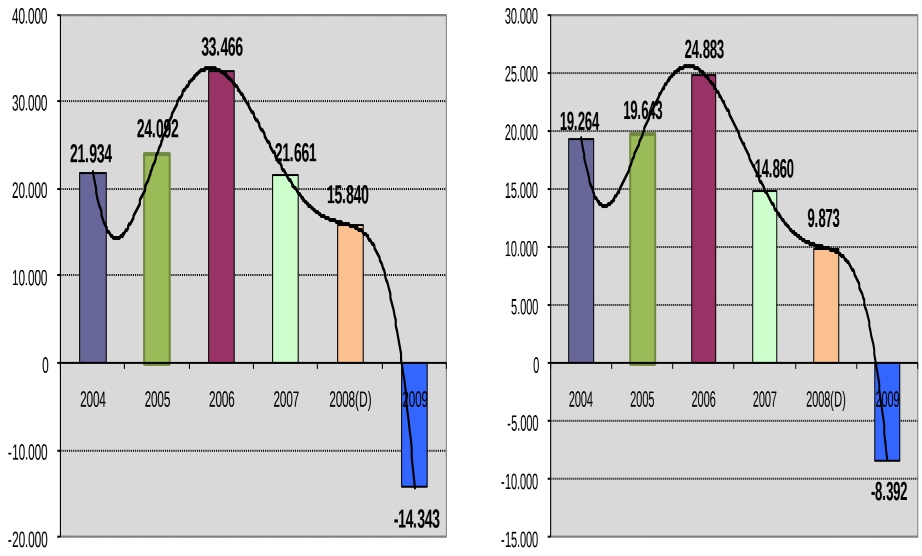
Table 2. 2009 Budget Targets, Revisions, and Temporary Realization Results

	million TL				Deviation (million TL)		Budget /Real (%)		Real. Est./Real. (%)		Primary Budget			
							Cont. To Rate of Increase	(%) Distribution	Cont. To rate of Increase	(%) Distribution	Cont. To rate of Increase	(%) Distribution	Artış To rate of Increase	(%) Distribution
	Budget	PAP	Real. Est.	Real	Budget	Real. Est.								
Central Government Budget Expenditures	**259,156**	**259,966**	**266,752**	**267,275**	**8,119**	**523**	**3.13**	**100.0**	**0.20**	**100.0**				
Primary Expenditures	**201,656**	**202,947**	**211,252**	**214,074**	**12,418**	**2,822**	**4.79**	**153.0**	**1.06**	**539.5**	**6.2**	**100.0**	**1.3**	**100.0**
I. Personnel Expenditures	57,211	54,796	56,313	55,930	-1,281	-383	-0.49	-15.8	-0.14	-73.2	-0.6	-10.3	-0.2	-13.6
II. Govt. Premiums to Social Security	7,243	6,765	7,187	7,206	-37	19	-0.01	-0.5	0.01	3.6	0.0	-0.3	0.0	0.7
III. Provision of Goods and Services	25,454	24,450	27,386	29,594	4,141	2,208	1.60	51.0	0.83	422.2	2.1	33.3	1.0	78.2
IV. Interest Expenditures	57,500	57,019	55,500	53,201	-4,299	-2,299	-1.66	-53.0	-0.86	-439.5				
V. Current Transfers	87,956	91,616	92,358	91,761	3,805	-597	1.47	46.9	-0.22	-114.1	1.9	30.6	-0.3	-21.2
VI. Capital Expenditures	14,839	14,303	18,662	19,847	5,008	1,185	1.93	61.7	0.44	226.6	2.5	40.3	0.6	42.0
VII. Capital Transfers	2,825	3,286	2,866	4,314	1,489	1,448	0.57	18.3	0.54	276.8	0.7	12.0	0.7	51.3
VIII. Lending	4,661	5,798	6,480	5,422	761	-1,058	0.29	9.4	-0.40	-202.3	0.4	6.1	-0.5	-37.5
IX. Reserve Appropriations	1,468	1,933												
Central Government Budget Revenues	**248,758**	**211,645**	**203,928**	**215,060**	**-33,697**	**11,132**	**-13.55**	**100.0**	**5.46**	**100.0**				
I. General Budget Revenues	**242,956**	**196,569**	**198,226**	**208,656**	**-34,300**	**10,430**	**-13.79**	**101.8**	**5.11**	**93.7**	**-14.1**	**100.0**	**5.3**	**100.0**
A. Tax Revenues	**202,089**	**170,089**	**163,561**	**172,417**	**-29,672**	**8,855**	-11.93	88.1	4.34	79.5	-12.2	86.5	4.5	84.9
Direct Taxes	70,224	62,933	58,377	61,132	-9,093	2,755	-3.66	27.0	1.35	24.7	-3.7	26.5	1.4	26.4
Indirect Taxes	131,864	107,156	105,184	111,285	-20,579	6,101	-8.27	61.1	2.99	54.8	-8.5	60.0	3.1	58.5
B. Non-tax Revenues	**40,867**	**26,480**	**34,665**	**36,240**	**-4,628**	**1,575**	-1.86	13.7	0.77	14.1	-1.9	15.6	0.8	17.8
Privatization*	13,141	8,601	2,761	2,044	-11,097	-717	-4.46	32.9	-0.35	-6.4	-4.6	32.4	-0.4	-6.9
Other	27,726	17,879	31,904	34,196	6,469	2,292	2.60	-19.2	1.12	20.6	2.7	-18.9	1.2	22.0
II. Revenues from Special Budget Inst.	**3,878**	**2,899**	**4,732**	**4,603**	**725**	**-129**	0.29	-2.2	-0.06	-1.2	0.3	-2.1	-0.1	-1.2
III. Revenues from Reg. and Sup. Inst.	**1,924**	**580**	**970**	**1,802**	**-122**	**832**	-0.05	0.4	0.41	7.5	-0.1	0.4	0.4	8.0
Budget Balance	**-10,398**	**-48,321**	**-62,824**	**-52,215**										
Budget. Bal (excl. Priv. and UF rev)	-24,777	-38,420	-65,585	-54,259										
Primary Balance	47,102	9,664	-7,324	986										
Program Defined Primary Balance	**29,728**	**-4,832**	**-20,838**	**-14,343**										

Program defined primary balance turned negative for the first time since 2000. Program defined primary budget balance had a deficit of 14.5 billion TL as of the end of the year as per temporary data. Such deterioration is as well quite high compared to the target stated in the Pre-Accession Economic Program.

Graph 1. Realization of Central Government Budget Program Defined Primary Surplus (2004-2009 December-end Comparative, million TL)

With current prices | With 2003=100



2008 (D), indicates that KEY payments are included in the primary budget.

This report involves assessments on the 2008 budget final account. The attention of the public and policy makers generally focuses on the current developments rather than seeing the large picture. In parallel with this tendency, final budget accounts for previous years, which is a highly important issue pertaining to how the budget right the TGNA transferred to the government is used, escape the attention and this important supervision instrument in a democracy is overlooked.

When the 2008 final account and the declaration of conformity by the Court of Accounts are examined, it is seen that the initial allowance for the 2008 budget was exceeded by 5 billion TL. It is observed that the item which exceeded the allowance level the most is the personnel expenditures item. When a more detailed examination is made, it can be understood that the public authority transferred funds from this item to other items throughout the year considerably changing and expanding the scope of the expenditure right granted by the TGNA. On the other hand, for personnel expenditures item, allowance of which was cut, expenditures are continued to be made independent of the allowance and the expenditures exceeding the allowance level for this item are legalized through the Court of Accounts advice for the granting of ‘complementary allowance’ by the TGNA.

This arbitrary use of power by the public authority in a way to go out of the scope of the power granted by the TGNA initially through allowance transfers throughout the year implies a serious breach of the budget right and should be discussed by public.

B. Budget Expenditures

As of the end of 2009 budget expenditures and primary budget expenditures stepped up by 17.7% and 21.4% respectively compared to the same period in the year before. Given that the annual inflation rate for 2009 is 6.53% (CPI) it is seen that budget expenditures rose significantly in real terms.

In fact, the ratio of primary expenditures to GDP, which varied between 17.5 and 18.5 % in 2008 as well as in past years, reached 22.6% in 2009 along with the impact of economic contraction.

Table 3. 2009 Budget Expenditure Estimates and Realizations

	(million YTL)					*Rate of increase (%)*			*Ratio to GDP (%)*				
	2007	2008	2009			2007		2009	2007	2008	2009		
	Real	Real..	Budget	PEP	Temp.	2007/ 2006	2008 / 2007	2009 / 2008	Real..	Real..	Budget	PEP	Temp.
Central Govt Budget Expen.	**204,068**	**227,031**	**259,156**	**259,966**	**267,275**	**14.6**	**11.25**	**17.73**	**23.91**	**23.89**	**23.32**	**26.90**	**28.23**
Primary Expenditures	**154,769**	**176,369**	**201,656**	**202,947**	**214,074**	**17.1**	**13.96**	**21.38**	**18.13**	**18.56**	**18.14**	**21.00**	**22.61**
I. Personnel Expenditures	43,570	48,856	57,211	54,796	55,930	15.2	12.13	14.48	5.10	5.14	5.15	5.67	5.91
II. Govt. Premium to Social Sec.	5,804	6,408	7,243	6,765	7,206	14.4	10.40	12.46	0.68	0.67	0.65	0.70	0.76
III. Provision of Goods and Ser.	22,258	24,412	25,454	24,450	29,594	17.1	9.68	21.23	2.61	2.57	2.29	2.53	3.13
IV. Interest Expenditures	48,753	50,661	57,500	57,019	53,201	6.1	3.91	5.01	5.71	5.33	5.17	5.90	5.62
V. Current Transfers	63,292	70,360	87,956	91,616	91,761	27.0	11.17	30.42	7.41	7.41	7.91	9.48	9.69
VI. Capital Expenditures	13,003	18,516	14,839	14,303	19,847	7.5	42.40	7.19	1.52	1.95	1.34	1.48	2.10
VII. Capital Transfers	3,542	3,174	2,825	3,286	4,314	34.3	-10.40	35.92	0.41	0.33	0.25	0.34	0.46
VIII. Lending	3,846	4,644	4,661	5,798	5,422	-32.4	20.74	16.75	0.45	0.49	0.42	0.60	0.57
IX. Reserve Appropriations			1,468	1,933							0.13	0.20	

In 2009, 103.1% and 100.2% of allowances were used compared to the initial budget estimates and revised estimates, respectively. For primary expenditures, these rates increase to 106.2 and 101.3%, respectively.

Table 4. Difference between Final Accounts and Temporary Results (Public Accounts Bulletin), 2006-2008

	Total Budget Expenditures			Primary Expenditures		
	Final Account	**Temp. Results**	**Difference**	**Final Account**	**Temp. Results**	**Difference**
2008	227.0	226.0	1.1	176.4	175.3	1.1
2007	204.1	203.5	0.6	155.3	154.8	0.5
2006	178.1	175.3	2.8	132.2	129.4	2.8
Average			**1.5**			**1.5**

Source: Ministry of Finance Public Accounts Bulletin and Final Accounts

Another point to emphasis concerning budget expenditures is the revision made on the final account and temporary budget results. To put it differently, the difference between the sums of expenditures finalized as per the final account laws and temporary figures declared in the Public Accounts Bulletin in December has reached 1.5 billion TL as the average of the previous three years.

Table 5. December End Comparative Budget Expenditures for 2008 and 2009

(million YTL)	December				
	2008	2009	Rate of Increase (%)	2008 Real. Rate (%)	2009 Real. Rate (%)
Merkezi Central Government Budget Expenditures	**227.031**	**267.275**	**17,7**	**102,0**	**103,1**
Excluding Interest	**176.369**	**214.074**	**21,4**	**105,9**	**106,2**
I. Compensation of Employees	**48.856**	**55.930**	**14,5**	**100,4**	**97,8**
II. Government Premiums to Social Sec. Agencies	**6.408**	**7.206**	**12,5**	**100,0**	**99,5**
III. Goods and Services Procurements	**24.412**	**29.594**	**21,2**	**106,6**	**116,3**
Health Expenditures	6.765	8.797	30,0	100,4	124,2
Medicine Expenditures	946	1.147	21,2	86,8	100,1
General Cure and Pharmaceutical Products	1.788	2.145	19,9	99,3	117,2
Green Card	4.031	5.506	36,6	104,7	134,0
Defense and Security (Excluding Health)	8.327	9.644	15,8	99,0	105,8
Other Goods and Services	9.319	11.153	19,7	103,5	130,4
IV. Current Transfers	**70.360**	**91.761**	**30,4**	**101,7**	**104,3**
Duty Losses	**2.041**	**4.138**	**102,8**	**131,6**	**134,3**
Treasury Aid	**38.769**	**56.949**	**46,9**	**97,1**	**112,8**
Treasury Aid to Social Security Agencies	1.022	1.019	-0,4	109,7	97,2
Health, Retirement and Social Aid Expenditures	35.133	52.685	50,0	94,9	112,8
Social Security Deficit Finance	25.850	29.249	13,2	89,7	136,8
Transfers to non-financial Establishments	**444**	**844**	**90,1**	**132,2**	**101,6**
Transfers to Households	**1.101**	**1.263**	**14,7**	**100,0**	**95,6**
Agricultural Subsidy	**5.809**	**4.495**	**-22,6**	**107,6**	**90,8**
Other Transfers to Households	**883**	**1.031**	**16,7**	**139,6**	**121,8**
Social Transfers	**442**	**1.027**	**132,6**	**193,9**	**121,2**
Foreign Transfers	**616**	**710**	**15,3**	**94,1**	**83,8**
Shares from Revenues	**20.256**	**21.304**	**5,2**	**104,5**	**86,2**
V. Capital Expenditures	**18.516**	**19.847**	**7,2**	**157,2**	**133,8**
VI. Capital Transfers	**3.174**	**4.314**	**35,9**	**152,3**	**152,7**
Domestic Capital Transfers	3.043	4.173	37,1	163,4	157,6
Foreign Capital Transfers	131	141	7,4	59,0	79,5
VII. Lending	**4.644**	**5.422**	**16,8**	**118,1**	**116,3**
Domestic Lending	4.212	4.795	13,8	113,6	110,6
Foreign Lending	432	627	45,1	192,0	192,3
VIII. Reserve Appropriations	**0**	**0**			
Interest Expenditures	**50.661**	**53.201**	**5,0**	**90,5**	**92,5**

Personnel expenditures stood below the budget estimates and rose by 14.5% compared to the end of 2008.

Provision of goods and services, realization rate for which is 116.3% compared to the budget allowances, increased by 21.2% compared to the year before.

Green Card expenditures jumped by 36% compared to the year before reaching 34% above the budget allowance. A significant proportion (26.2%) of this increase was realized in December, different than the trend in previous years. Health expenditures in total increased by 30% along with the contributions by the rise in medicine expenditures.

Table 6. Allowances for Goods and Services Provisions and Use for 2009

	2008	2009		Rate of increase (%)
	Real.	Budget	Real.	2009/2008
Proc. of Goods and Services	**24,412**	**25,454**	**29,594**	**21.23**
Health expenditures	6,765	7,084	8,797	30.03
Green Card	**4,031**	**4,109**	**5,506**	**36.58**
Medicine	1,301	1,366	1,760	35.30
Cure and Treatment	2,730	2,743	3,746	37.20
Other Health	2,734	2,975	3,291	20.37
Defense and Security	8,327	9,113	9,644	15.81
Other Current Expenditures	9,319	9,256	11,153	19.68

Box:

Green Card Expenditures

One indicator of the rise in green card expenditures and the pressure this puts on the central government budget is the increase in the share of the green card expenditures in the Ministry of Health budget. Currently, the share of green card expenditures in the Ministry's budget reached from 15 to 38%. Given the lack of an efficient internal control and risk assessment system, this development turns into a critical risk area for the Ministry since it is seen that excluding the green card expenditures, budget expenditures of the Ministry of Health increased more moderately compared to 2008.

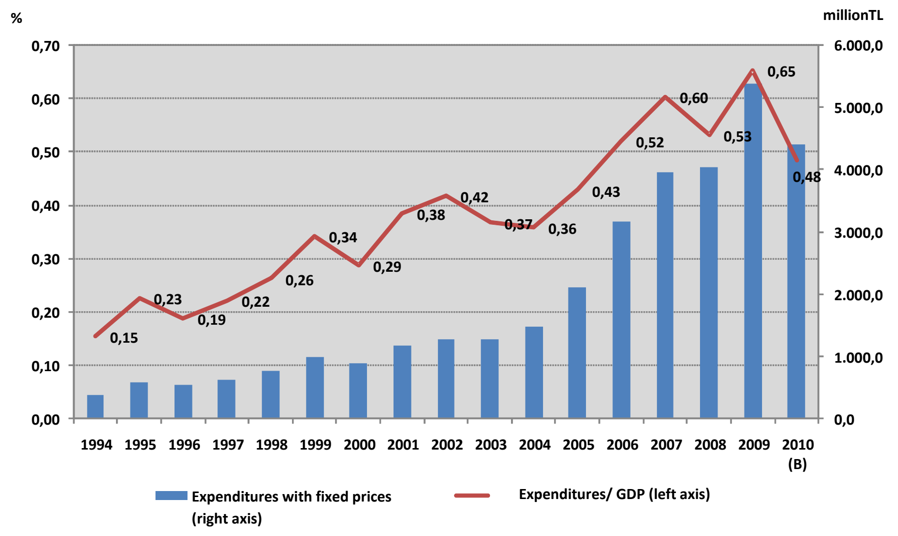
Table: Changes in Ministry of Health Budget

	million TL		*%*	*% Increase*		*Ratio to GDP (%)*	
	Total Budget Expenditures	**Excluding Green Card**	**Green Card / MH Budget**	**Total Budget Expenditures**	**Excluding Green Card**	**Total Budget Expenditures**	**Excluding Green Card**
2000	1.140	973	14,6			0,68	0,58
2001	1.822	1.572	13,7	59,9	61,5	0,76	0,65
2002	3.039	2.502	17,7	66,8	59,2	0,87	0,71
2003	3.674	3.042	17,2	20,9	21,6	0,81	0,67
2004	4.461	3.703	17,0	21,4	21,7	0,80	0,66
2005	6.769	4.961	26,7	51,7	34,0	1,04	0,76
2006	8.536	5.625	34,1	26,1	13,4	1,13	0,74
2007	10.390	6.476	37,7	21,7	15,1	1,23	0,77
2008	11.995	7.964	33,6	15,4	23,0	1,26	0,84
2009	14.596	9.090	37,7	21,7	14,1	1,54	0,96
2010	13.942	9.339	33,0	-4,5	2,7	1,36	0,91

Source: Own calculations, Ministry of Health Budget 2010, Ministry of Finance Directorate General for Public Accounts Bulletins (2000-2009)

The escalation in green card expenditures is evident in the Graph below. In election years and in the period after 2004 the periodical rise in green card expenditures becomes prominent.

The jump in green card expenditures was also the source of the real increase in Ministry of Health budget in 2009. Initial allowance for green card of 4.1 billion TL deviated by 34% at the end of the mentioned period reaching as high as 5.5 billion TL.



Graph: Change in Green Card Expenditures, 1994-2010

Source: Own calculations

Over 2009, defense and security expenditures and current expenditures increased by 15.8 and 20% respectively. Particularly, it is striking that the expenditures in the 'other current transfers' item as of the end of 2009 exceeded even the 2010 budget target.

In 2009, current transfers rose by 30% compared to the previous year. The increases in the transfers to the SS exceeded 50% and current transfers to finance the duty losses of SEE's reached 50%. A further elevation in current transfers was prohibited by the fall in the sub-item 'agricultural support payments' below the previous year's level and by the decrease in the transfers to local governments and other institutions to 1%.

On the other hand, it should also be noted that as of December 434 million TL was transferred from the budget to finance the social security gap. This amount is far below the amount of funds transferred in other months in 200. Realization of social security finance compared to the budget estimates is 136.8% whereas the other transfers to the SSI stood below the budget allowance.

Given that health expenditures climbed steeply in the last quarter of the year and particularly in December, the fall in transfers to SSI brings up the possibility that the obligations in this regard were not translated into expenditures but were delayed. When monthly realizations are examined, the fact that transfers to finance the gap decreased significantly in a period where no additional transfer was made from the budget to the SSI intensifies this possibility. As can also be seen in the table below and as evident from past experiences, this implies that transfers to the SSI will elevate considerably in the early 2010.[1] In this regard, the declaration of stock obligations that were not reflected in budget expenditures and allowances in 2009 and were postponed to 2010 is of importance considering fiscal transparency since budget deficit over a year can be understated via expenditure postponements.

Table 7. Budget Transfers in the Budget and SSI Financial Statements

	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total
							2007						
Budget	2.911,0	2.447,0	3.125,0	2.600,3	2.499,0	2.909,0	2.809,0	3.108,0	2.450,0	3.123,0	3.400,0	1.682,0	33.063,3
SSI Deficit Finance	2.911,0	1.825,4	1.840,3	2.149,8	1.994,3	2.054,1	2.492,7	2.770,8	1.680,1	2.541,3	2.943,0	620,6	25.823,5
Other SSI Finance	0,0	621,6	1.284,7	450,5	504,7	854,9	316,3	337,2	769,9	581,7	457,0	1.061,4	7.239,9
							2008						
Budget	3.341,0	2.663,0	2.871,0	3.600,0	3.368,8	1.750,0	2.500,0	1.376,3	4.784,8	2.433,9	3.044,6	3.400,0	35.133,4
SSI Deficit Finance	3.006,9	2.302,7	1.565,3	3.069,6	2.778,0	710,7	2.135,5	1.000,0	3.912,0	1.935,0	1.705,0	1.729,0	25.849,7
Other SSI Finance	334,1	360,3	1.305,7	530,4	590,8	1.039,2	364,5	376,3	872,8	498,9	1.339,6	1.671,0	9.283,7
SSI	2.884,1	3.120,2	2.870,7	3.600,0	3.371,8	1.750,0	2.400,0	1.476,3	4.784,8	2.433,9	3.044,6	3.280,0	35.016,4
Budget Transfer for Deficit	2.550,0	2.759,9	1.565,0	3.069,5	2.781,0	707,8	2.035,5	1.100,0	3.912,0	1.935,0	1.664,8	1.609,0	25.689,4
Other Budget Transfers	334,1	360,3	1.305,7	530,5	590,8	1.042,2	364,5	376,3	872,8	498,9	1.379,8	1.671,0	9.327,0
							2009						
Budget	4.250,0	4.678,2	4.250,5	4.596,8	3.340,2	4.606,4	5.101,5	4.021,8	6.409,9	3.962,0	4.804,5	2.662,9	52.684,7
SSI Deficit Finance	2.343,1	2.336,0	2.152,0	2.858,0	1.500,0	2.800,0	3.050,0	2.450,0	4.226,5	2.314,0	2.785,0	434,7	29.249,3
Other SSI Finance	1.906,9	2.342,2	2.098,5	1.738,8	1.840,2	1.806,4	2.051,5	1.571,8	2.183,4	1.648,0	2.019,5	2.228,2	23.435,4
SSI	4.200,0	4.848,2	4.103,5	4.731,4	3.202,6	4.736,4	5.101,5	3.976,8	6.427,9	3.764,0	5.047,5	2.460,0	52.599,8
Budget Transfer for Deficit	2.293,1	2.506,0	2.005,0	2.992,6	1.362,4	2.930,0	3.050,0	2.405,0	4.244,5	2.116,0	3.028,0	437,0	29.369,6
Other Budget Transfer	1.906,9	2.342,2	2.098,5	1.738,8	1.840,2	1.806,4	2.051,5	1.571,8	2.183,4	1.648,0	2.019,5	2.023,0	23.230,2

[1] When 2010 January realizations are examined it is seen that transfers for SSI deficit finance rose from 434 million TL in 2009 December to 2.462 TL demonstrating an increase by five times.

Agricultural transfers dropped by 22.6% compared to the year before and stood below the budget estimates. Share allocated from revenues also stood quite below the initial allowance at 86.2%. Duty losses rose by 102.8% compared to the year before and by 134.3% compared to the initial budget. The main reason behind this increase is the jump in duty losses of SEE's which rose by 112.8%. The table below reveals that the highest amount of losses was recorded by the Turkish Grain Board.

Table 8. Funds Transferred to SEE's, 2006-2009

	million TL				Rate of Change(%)		
	2006	2007	2008	2009	2007 / 2006	2008 / 2007	2009 / 2008
Duty Loss Total	7,245	8,641	9,606	16,489	19.27	11.17	71.65
SEE's Duty Loss	728	730	1,317	2,772	0.29	80.31	110.49
To State Railways	275	218	328	339	-20.78	50.38	3.17
To Turkish Grain Board	166	152	560	1,439	-8.43	268.42	156.94
TETAŞ	14	0	0	0			
TTK	2	3	5	0	38.99	83.95	
TŞFAŞ	20	80	22	2	300.00	-72.50	-92.46
TKİ	250	265	332	252	6.00	25.28	-24.10
Total Lending	5,689	3,846	4,644	5,422	-32.40	20.75	16.75
Lending to SEE's	1,917	1,611	2,042	2,816	-15.98	26.77	37.90
To State Railways	1,249	1,100	1,339	1,529	-11.93	21.70	14.24
To Turkish Grain Board	0	0	0	479			
Çay-Kur	0	0	0	125			
TTK	571	399	517	410	-30.15	29.62	-20.70
To Agricultural Enterprises	35	30	101	128	-13.04	237.81	26.17
To Meat and Fish Authority	32	35	37	73	7.11	6.53	97.98
To Mech. and Chem. Industry Corp.	25	40	48	50	60.52	20.97	4.17

*Set as per economic coding details.

The amount of funds transferred to SEE's through borrowing has also increased. The Table above indicates that State Railroads received the highest amount of funds under borrowing. The total amount lent is above the initial allowance with a realization rate of 116.3% and an increase of 16.8% compared to the year before.

The biggest deviation from the initial budget was recorded by the capital expenditures item. Throughout the year capital expenditures rose by 7.2% compared to the year before through the funds we believe to be transferred from the Unemployment Insurance Fund of from the auxiliary allowance.

Capital expenditures did not deviate from the initial budget in 2006 and 2007 while it increased by 157.2% compared to the initial budget n 2008 as a result of the funds transferred from the Privatization Fund and Unemployment Insurance fund as well as the rise in State Highways' investments throughout the year. In 2009, realization rate compared to the budget is 133.8%. It is seen that capital expenditures particularly for highways investments persist.

Here two questions regarding the efficiency of investment expenditures come to fore:

- What proportion and level of the funds from the Privatization Fund and Unemployment Insurance Fund were transferred to GAP (South Anatolian Project) investments and what is the difference between the planned and the realized expenditures?

- What proportion of the investment expenditures were used for the repair and maintenance of the previously made investments, particularly for the case of the highways investments?

Capital transfers increased by 37.1% compared to the same period in the previous year and by 152.7% compared to the initial budget. Transfers to local administrations have been decreasing since 2007 whereas transfers to private enterprises have been rising. This rise was intensified also as a result of the increase in the transfers to development agencies and scientific research projects in 2009.

As of the end of December 2009, number of workers registered at the SSI dropped by 3.1%. The rate of fall is above the average for public officials and self-employed and quite below the average for contracted employment. The critical point here is that as the SSI Financial Balance given below suggests premium revenue collections of the Institution increased by 50% in December compared to the year before.

Table 9. Change in Registered Employment, January-December

	2008	2009	Change (%)
Employment contract*	9,022,823	8,975,981	-0.5
Self-employed	3,025,650	2,847,081	-5.9
Public Officials	2,464,206	2,241,418	-9.0
Total	**14,512,679**	**14,064,480**	**-3.1**

*End of November

Source: SII Financial Statistics Bulletin (retrieved in February 2009)

SSI budget balance for December suggests that revenues increased by 18.4 and expenditures by 11.2% enabling a reduction in the budget deficit. Total deficit of the SSI eased by 34.3% compared to December 2008 and fell down to 731 thousand TL.

The main budget item that contributed to the improvement in the SSI budget balance was the 29% rise in the premium revenue collection. Premium revenue collection which stood at 4.2 billion TL in average over the first eleven months of the year rose by 50% in December reaching 6.3 billion TL. SSI premium revenues show a general tendency to exceed the previous months of the year in Decembers. Collections in December 2008 also stood 25% above the average of the first eleven months. The increase by 50% in December 2009 is quite above the expectations, though partially stems from the basis effect.

Table 10. Balance of the Social Security Institution (million TL)

BUDGET ITEMS	December			January-December		
	2008	2009	Change (%)	2008	2009	Change (%)
I-I-REVENUES	**6.988**	**8.276**	**18,44**	**67.257**	**76.851**	**14,26**
1 PREMIUM REVENUES	4.900	6.320	28,98	47.871	52.834	10,37
2 RESTRUCTURING	316	121	-61,56	6.676	1.745	-73,86
3- STATE CONTRIBUTION	857	785	-8,43	1.719	10.879	533,06
4- ADDITIONAL PAYMENTS	214	245	14,66	2.589	2.923	12,88
5- INVOICED PAYMENTS	600	690	15,00	5.019	5.908	17,70
6 OTHER REVENUES	101	115	13,95	3.384	2.562	-24,29
II-EXPENDITURES	**8.101**	**9.007**	**11,19**	**93.159**	**105.553**	**13,30**
1 RETIREMENT PAYS	5.104	5.646	10,63	58.885	67.408	14,47
2- PAY. AS PER NO 5510 LAW	0	58		251	598	137,97
3- ADDITIONAL PAYMENTS	219	251	14,54	2.614	2.957	13,14
4- HEALTH EXPENDITURES (inc. Travel pay)	2.032	2.264	11,44	25.404	28.863	13,62
HEALTH EXPENDITURES (excl. Travel pay)	2.027	2.261	11,54	25.346	28.811	13,67
4.1- MEDICINE EXPENDITURES	971	1.086	11,85	10.717	13.161	22,81
4.2- TREATMENT EXPENDITURES	981	1.139	16,09	13.953	15.129	8,43
4.2.1- PUBLIC HOSPITALS	490	550	12,17	7.325	7.875	7,50
4.2.2- UNIVERSITY HOSPITALS	179	212	18,43	2.247	2.572	14,49
4.2.3- PRIVATE HOSPITALS	312	377	20,90	4.381	4.682	6,86
4.3 TRAVEL PAYS	5	4	-27,08	58	53	-8,70
4.4- OTHER EXPENDITURES	75	36	-52,29	676	521	-22,91
5- INVOICED EXPENDITURES	554	647	16,74	3.317	4.044	21,90
6- ADMINISTRATION		65		673	764	13,64
7- INVESTMENT		12		5	51	916,42
8- OTHER EXPENSES	192	65	-66,24	2.011	868	-56,84
III- BALANCE	**-1.113**	**-731**	**-34,30**	**-25.902**	**-28.703**	**10,81**
IV- BUDGET TRANSFERS	**3.280**	**2.460**	**-25,00**	**35.016**	**52.600**	**50,21**
1- FOR DEFICIT FINANCE	1.609	437	-72,86	25.689	29.369	14,32
2- STATE CONTRIBUTION		785			10.879	
3- FOR ADDITIONAL PAYMENT	214	245	14,66	2.589	2.923	12,88
4- FOR INVOICED PAYMENTS	600	690	15,00	5.019	5.908	17,70
5-INCENTIVES		303			3.521	

Source: SSI Financial Statistics Bulletin (retrieved in December 2009)

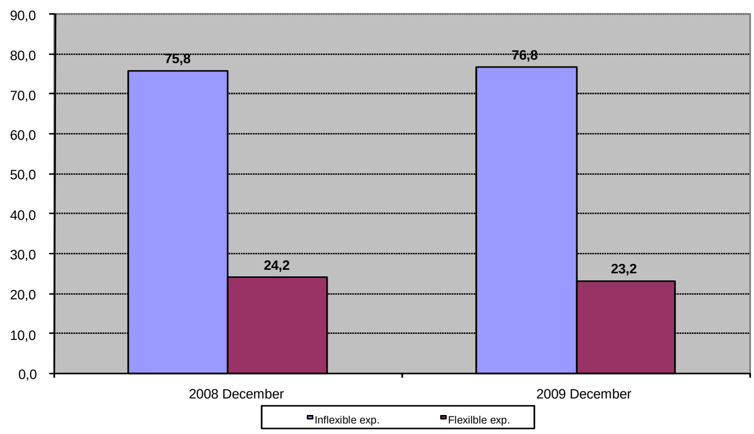
As a result, the biggest contribution to the increase in primary expenditures in the budget was made by current transfers with 56.8%, the driving share in which was constituted by the transfers to the SSI.

Table 11. Contribution of December Month End Central Government Budget Expenditures to Primary Expenditures

	Cont. to Rate of increase	(%) Change
Primary Expenditures	**21,4**	**100,0**
Current Expenditures	**6,9**	**32,5**
Personnel	4,0	18,8
Goods and Services Purchases	2,9	13,7
Health	1,2	5,4
Defense and Security	0,7	3,5
Current Transfers	**12,1**	**56,8**
Treasury Aid to Social Security Agencies.	0,0	0,0
Health, Retirement and Social Aid Expenditures	10,0	46,5
Agricultural Transfers	-0,7	-3,5
Shares from Revenues	0,6	2,8
Capital Expenditures	**0,8**	**3,5**
Capital Transfers	**0,6**	**3,0**
Other	**0,4**	**2,1**

Along with the impact of the crisis climate, share of inflexible expenditures increased compared to the previous year.

Graph 2. Change in the Share of Flexible and Inflexible Expenditures in the Budget Expenditure (2008 - 2009 December)



When the functional composition of the 2009 central government budget primary expenditures are examined, it is seen that the biggest share is constituted by social security and social assistance with 26.2% followed by education with 16.7%. The share of economic affairs and services is 15% driven by general public services and public investments.

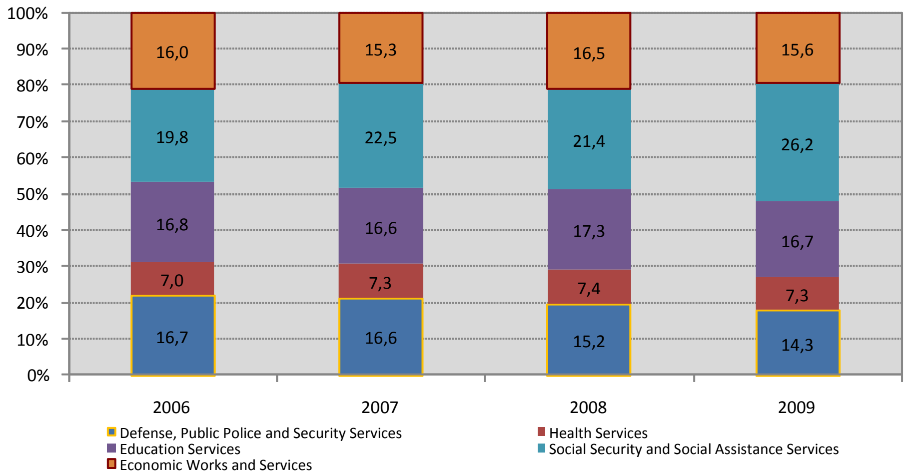
The share of transfers for social security and social assistance rose significantly from 21.4% in 2008 to 26.2% in 2009 leading to falls in the share of other functions compared to 2008. The biggest fall in shares was experienced by housing and social welfare services (18.8%) and general public services (11.1%).

Table 12. Functional Composition of Primary Budget Expenditures

	million TL			Composition (%)			Change (%)
	2008	2009 Budget	2009	2008	2009 Budget	2009	2009/2008
General Public Services	31.419	39.900	33.902	17,81	19,79	15,84	7,90
Defence Services	12.839	14.625	14.540	7,28	7,25	6,79	13,25
Public Police and Security Services	13.967	15.708	16.110	7,92	7,79	7,53	15,34
Economic Works and Services	29.137	25.920	33.471	16,52	12,85	15,64	14,87
Environment Protection Services	215	257	250	0,12	0,13	0,12	16,56
Housing and Social Welfare Services	3.797	3.298	3.739	2,15	1,64	1,75	-1,51
Health Services	12.972	13.479	15.681	7,36	6,68	7,32	20,88
Leisure, Cultural and Religious Services	3.865	4.193	4.592	2,19	2,08	2,15	18,83
Education Services	30.493	34.523	35.723	17,29	17,12	16,69	17,15
Social Security and Social Assistance Services	37.666	49.754	56.066	21,36	24,67	26,19	48,85
Total Primary Expenditures	176.369	201.656	214.074	100,00	100,00	100,00	21,38

Concerning the developments in the primary budget expenditures over the 2006-2009 period, it is seen that share of social security and social assistance expenditures in primary budget expenditures rose significantly. Share of health expenditures increased slightly from 7 to 7.3%. Share of defense, security, and public police expenditures fell from 16 to 14% while the share of other functional items did not demonstrate a considerable change.

Graph 3. Share of Primary Budget Functional Expenditures Total Expenditures, 2006 - 2009



C. Budget Revenues

As of the end of 2009, budget revenues rose by 2.6% compared to 2008 and reached 215.1 billion TL. The rise was limited at this level both due to the inability to meet the tax revenue target as well as non-tax revenue target stemming from weak privatization revenues and the economic contraction.

Table 13. Central Government Budget Revenues (December)

(million YTL)	December 08	December 09	Rate of Change (%)
Central Government Revenues	**209.598**	**215.060**	**2,61**
General Budget Revenues	**203.027**	**208.656**	**2,77**
I-Tax Revenues	**168.109**	**172.417**	**2,56**
1. Taxes on Income, Profits and Capital Gains	**54.935**	**56.468**	**2,79**
a) Income Tax	**38.030**	**38.445**	**1,09**
Based on Deduction	34.836	35.090	0,73
b) Corporation Tax	**16.905**	**18.023**	**6,61**
Provisional Tax	16.205	17.315	**6,85**
2. Taxes on Property	**4.088**	**4.664**	14,09
b) Motor Vehicles Tax	3.944	4.396	**13,99**
3. Domestic Taxes on Goods and Services	**67.258**	**73.135**	**8,74**
a) Domestic VAT	**16.805**	**20.852**	**24,08**
b) Special Consumption Tax	**41.832**	**43.620**	**4,27**
c) Banking and Insurance Transactions Tax	**3.695**	**4.003**	**8,33**
d) Gambling Tax	**376**	**396**	**5,23**
e) Special Communication Tax	**4.551**	**4.265**	**-6,28**
4. Taxes on International Trade and Transactions	**32.781**	**28.647**	**-12,61**
b) VAT on Imports	29.972	26.132	-12,81
5. Stamp Duties	**3.945**	**4.169**	**5,67**
6. Fees	**5.050**	**4.738**	**-6,18**
7. Other Taxes Not Elsewhere Classified	**51**	**596**	**1074,76**
II-Property Income	**7.422**	**9.944**	**33,98**
III-Grants and Aids and Special Revenues	**850**	**879**	**3,51**
IV-Interests, Shares and Fines	**17.126**	**23.070**	**34.71**
1.Interests	4.357	5.647	29,60
V-Capital Revenues	**9.114**	**2.044**	**-77,57**
VI-Collections from Loans	**407**	**302**	**-25,74**
Revenues from Special Budget Institutions	**4.825**	**4.603**	**-4,61**
Revenues from Regulatory and Supervisory Institutions	**1.747**	**1.802**	**3,14**

Tax revenue collection target of 202.1 billion TL was revised downwards to 163.6 billion TL in October in the context of the 2010 budget. Collections were realized at 172.4 billion TL. Therefore, budget revenues stood far below the initial allowance but 8.9 billion TK above the revised target.

The drops in tax revenues were eased particularly thanks to the amelioration enjoyed in the last quarter of the year. 20% rise in collections observed in the last two months played a significant role in preventing tax collections fell below the level attained in the year before.

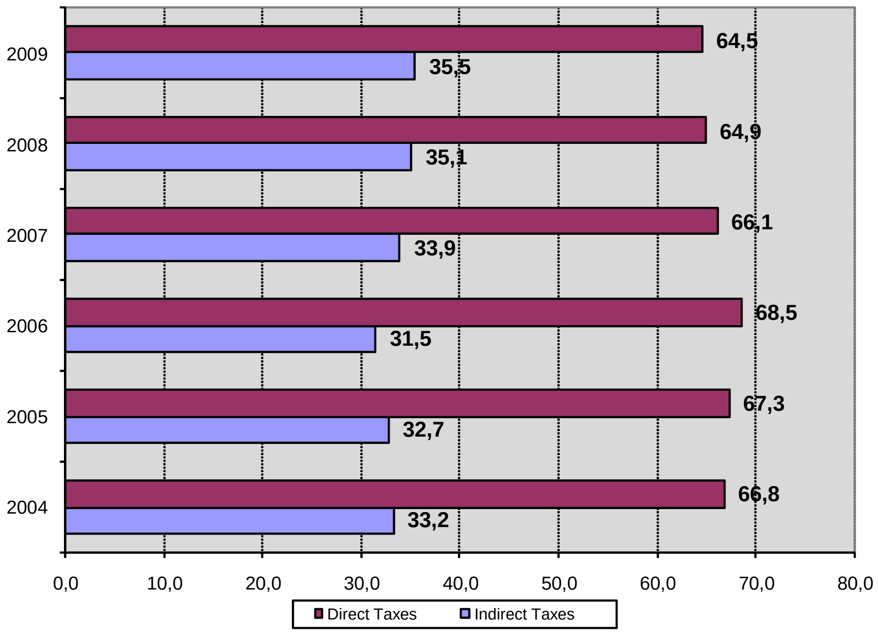
Tax collections which stood 5% below the level attained in the previous year over the first six months of 2009 dropped by less than 1% as of the end of October 2009. For November and December (figures for the two were analyzed together as the collection of some taxes accrued in November were postponed to December) tax collections appear to have increased by 19.8%. In this period, income tax collection rose by 2%, corporation tax by 29%, domestically collected VAT by 45%, VAT on imports by 25%, and SCT by 19.2%. This improvement was caused partially by the recent relative economic revival, changes in the tax levels and rates, and the low basis effect persisted in the previous period. On the other hand it is necessary to note that developments such as the 45% rise in domestically collected VAT revenue cannot be explained with the recent economic revival. At this point, it will be useful if the taxation authority informs the public with more details.

Table 14. Changes in Tax Collections in November and December

million YTL	Nov-Dec		Rate of inc. (%)	Cont to Rate of Inc (%)
	2009	2008		
Tax Revenues	**33,253**	**27,766**	**19.8**	**100.0**
Taxes on Income, Profits, and Capital Gains	**12,201**	**10,661**	**14.4**	**28.1**
Income Tax Collection	5,932	5,875	1.0	1.0
Provisional Corporation Tax	5,749	4,442	29.4	23.8
Special Consumption Tax	**8,126**	**6,817**	**19.2**	**23.9**
SCT on Petroleum and Natural Gas	4,548	3,864	17.7	12.5
Coke, Alcoholic Bev. and Tobacco Prod.	2,468	2,276	8.4	3.5
VAT Collection	**8,879**	**6,689**	**32.7**	**39.9**
VAT on Imports	5,200	4,157	25.1	19.0
Domestic VAT	3,679	2,532	45.3	20.9
Other Taxes	**4,047**	**3,600**	**12.4**	**8.1**
Stamp Duties	782	668	17.1	2.1
Fees	885	821	7.8	1.2
Banking and Insurance Transaction Tax	535	632	-15.3	-1.8

Since the rate of increase in direct tax collections exceeded that in indirect tax collections, the share of the former in total tax collections rose by 0.4 points to 35.5%.

Graph 4. Shares of Direct and Indirect Taxes in 2004 - 2009 December end General Budget Tax Revenue Collection



General budget tax revenue collection fell down by 3.7% in 2009. Collection of domestically collected VAT, tax on property, corporation tax, and banking and insurance transactions taxes increased in real terms.

Table 15. Real Increase in General Budget Tax Revenues (Net of Inflation) (2009/2008)

	2009 Jan-Dec (Tho. YTL)	2008 Jan-Dec (Tho. YTL)	Change (%)	Real Change (%)
Central Government Revenues	**215.060.457**	**209.598.472**	**2,61**	**-3,68**
General Budget Revenues	**208.656.435**	**203.026.914**	**2,77**	**-3,53**
I- Tax Revenues	**172.416.575**	**168.108.960**	**2,56**	**-3,72**
Taxes on Income, Profit, and Capital Gains	**56.467.668**	**54.935.030**	**2,79**	**-3,51**
Income Tax	**38.444.853**	**38.029.985**	**1,09**	**-5,11**
Based on Declaration	1.987.046	1.808.461	9,87	3,14
Lump-sum	244.269	208.682	17,05	9,88
Withholding Tax	35.090.454	34.835.591	0,73	-5,44
Provisional Tax	1.123.084	1.177.251	-4,60	-10,45
Corporation Tax	**18.022.815**	**16.905.045**	**6,61**	**0,08**
Based on Declaration	494.736	517.235	-4,35	-10,21
Withholding Tax	212.619	182.834	16,29	9,16
Provisional Tax	17.315.460	16.204.976	6,85	0,30
Tax on Property	**4.663.896**	**4.088.064**	**14,09**	**7,09**
Inheritance and Gift Taxes	**168.253**	**144.092**	**16,77**	**9,61**
Motor Vehicles Taxes	**4.495.643**	**3.943.972**	**13,99**	**7,00**
Domestic Goods and Services Taxes	**73.135.344**	**67.258.421**	**8,74**	**2,07**
Domestic VAT	**20.851.946**	**16.804.601**	**24,08**	**16,48**
Special Consumption Tax	**43.619.793**	**41.831.723**	**4,27**	**-2,12**
SCT on Petroleum and Natural Gas	25.524.959	23.941.458	6,61	0,08
SCT on Motor Vehicles	3.352.689	3.804.892	-11,88	-17,29
SCT on Coke, Alcoholic Bev. & Tobacco Prod.	13.892.805	13.080.130	6,21	-0,30
SCT on Durable Goods and Others	849.340	1.005.243	-15,51	-20,69
Banking and Insurance Transaction Tax	**4.002.981**	**3.695.158**	**8,33**	**1,69**
Other Taxes on Goods and Services	**4.660.624**	**4.926.939**	**-5,41**	**-11,20**
Taxes on International Trade and Transactions	**28.646.984**	**32.781.443**	**-12,61**	**-17,97**
Customs Duties	2.463.282	2.770.001	-11,07	-16,52
VAT on Imports	26.132.216	29.972.307	-12,81	-18,16
Other Taxes on International Trade and Trans.	51.486	39.135	31,56	23,50
Stamp Duties	**4.168.778**	**3.945.061**	**5,67**	**-0,81**
Fees	**4.737.926**	**5.050.209**	**-6,18**	**-11,93**
Other Taxes Not Elsewhere Classified	**595.979**	**50.732**	**1.074,76**	**1002,75**

The biggest contribution to the 2.6% increase in collection of tax revenues in 2009 was made by domestically collected VAT which increased by 94% followed by SCT on petroleum and natural gas with 36.8%.

Table 16. 2008-2009 December Month End Budget Tax Revenue Realizations and Contribution to the Rise in Revenues

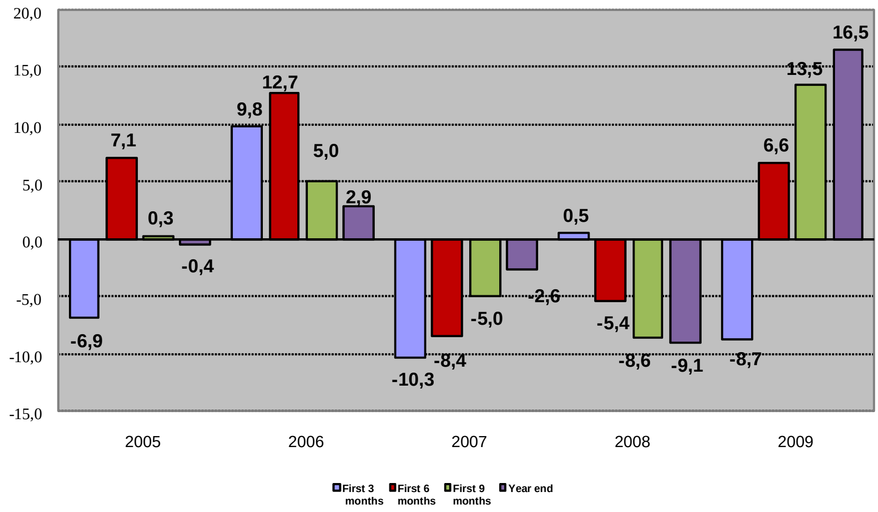
million YTL	December		Rate of Increase (%)	Cont. to Rate of inc. (%)
	2009	2008		
Tax Revenues	**172.417**	**168.109**	**2,6**	**100,0**
Taxes on Income, Profits, and Capital Gains	**56.468**	**54.935**	**2,8**	**35,6**
Income Tax Collection	35.090	34.836	0,7	5,9
Provisional Corporation Tax	17.315	16.205	6,9	25,8
Special Consumption Tax	**43.620**	**41.832**	**4,3**	**41,5**
SCT on Petroleum and Natural Gas	25.525	23.941	6,6	36,8
Coke, Alcoholic Beverages and Tobacco Prod.	13.893	13.080	6,2	18,9
VAT Collection	**46.984**	**46.777**	**0,4**	**4,8**
VAT on Imports	26.132	29.972	-12,8	-89,1
Domestic VAT	20.852	16.805	24,1	94,0
Other Taxes	**25.345**	**24.565**	**3,2**	**18,1**
Stamp Duties	4.169	3.945	5,7	5,2
Fees	4.738	5.050	-6,2	-7,2
Banking and Insurance Transaction Tax	4.003	3.695	8,3	7,1

Negative sign implies an increase and positive sign implies a decrease. As tax revenues falls down in general, positive sign implies a positive contribution to the rise in tax revenues.

If we assess the changes in some taxed in periodical terms in order to take a closer look at the changes throughout 2009 we see that:

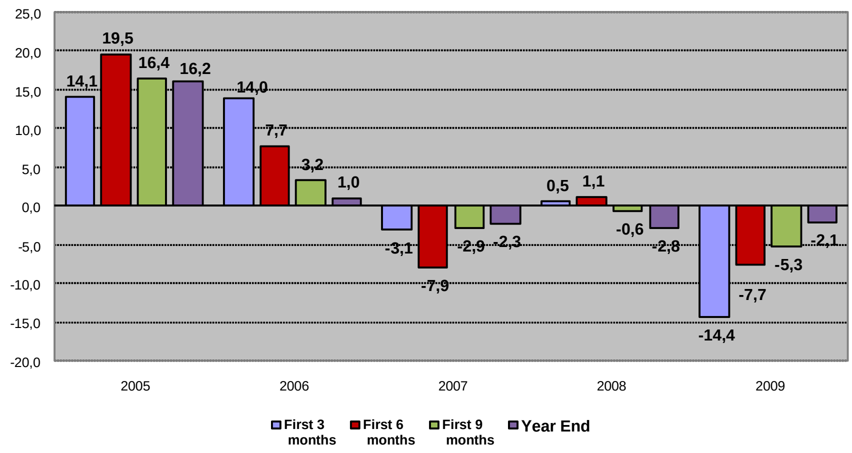
Collection of domestically collected VAT had a significant trend of real increase as of the second quarter of 2009. As of the end of the year cumulative real rise reached 16.5%.

Graph 5. Real rise in domestically collected VAT (%)

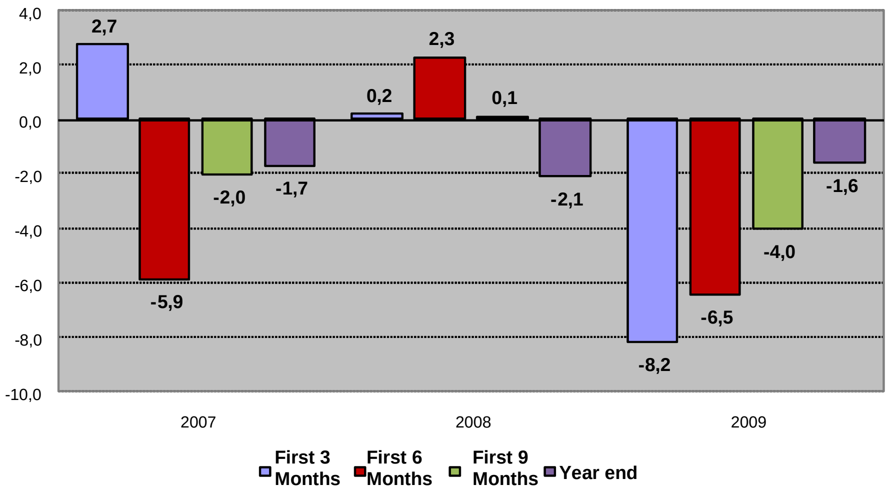


The reduction in SCT collection in real terms that begin by 2009 slowed down throughout the examined period. Real fall stood at 2.1% as of the end of the year.

Graph 6. Real Rise in Special Consumption Tax Collection (%)

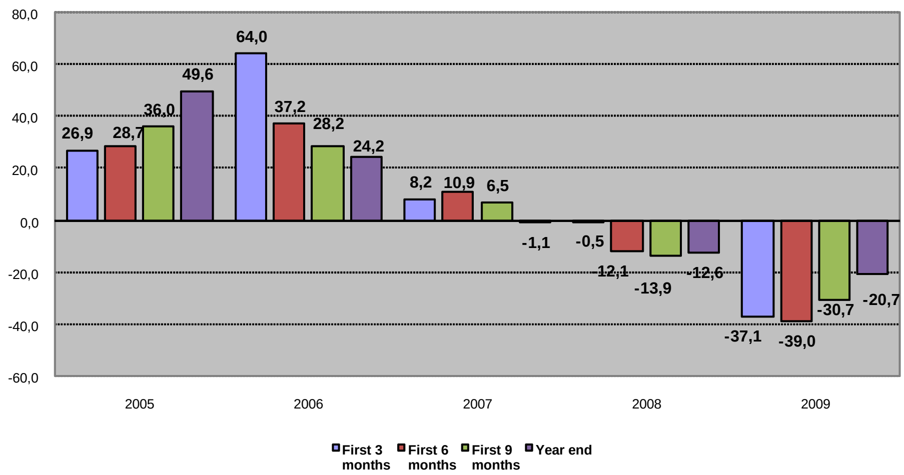


Graph 7. Real Rise in Special Consumption Tax Accrual (%)

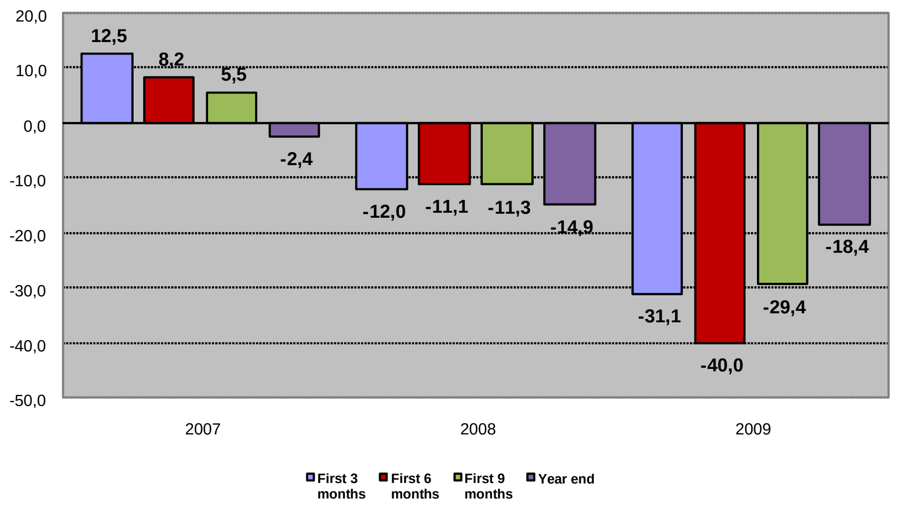


When SCT collected for durable goods, which we believe reflects more precisely the effects of the economic contraction, is made it is seen that a real decrease of 20.7% in real terms appears as of the end of the year despite the significant improvement in the last quarter of the year. Considering accruals, the rate of decrease reaches at 18.4%.

Graph 8. Real Rise in Collection of Special Consumption Tax on Durable Goods (%, cumulative)

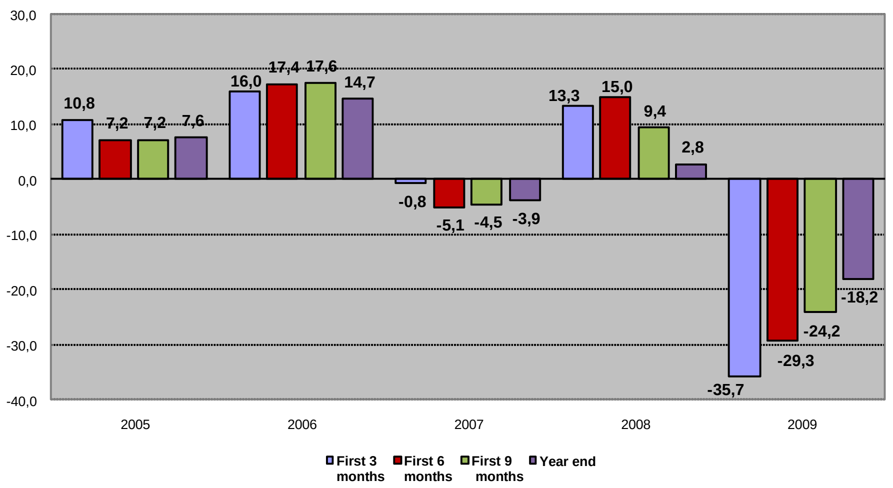


Graph 9. Real Rise in Accrual of Special Consumption Tax on Durable Consumption Goods (%, cumulative)



Similar to the developments in the SCT on durable consumer goods, VAT on imports also improved in the last quarter of the year. Nonetheless this item also demonstrates a significant fall (18.2%) in real terms compared to the previous year.

Graph 10. Real Rise in VAT on Imports (%)



III. Budget Financing and Developments in Debt Stock

Table 17. Cash Balance of the Treasury (December)

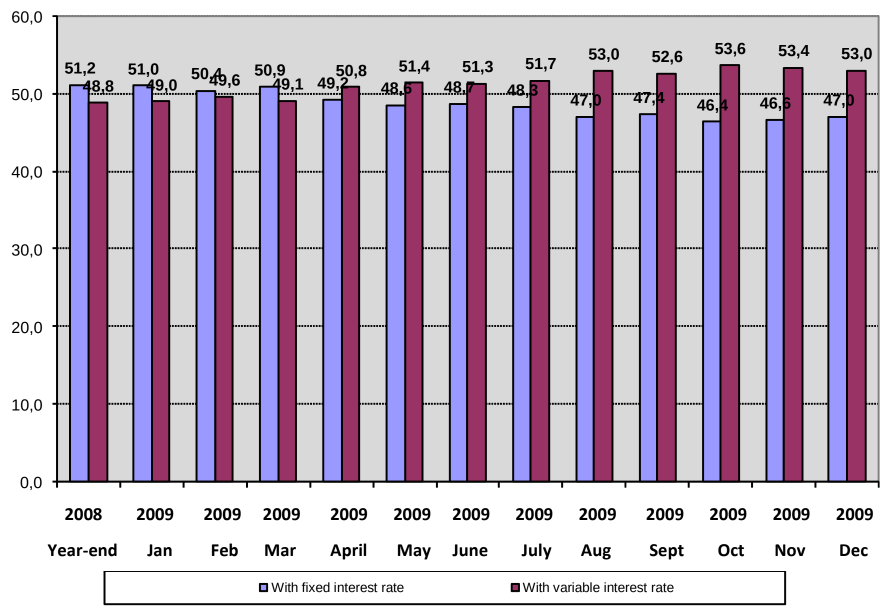
(million YTL)	Jan*	Feb*	Mar*	April*	May*	June*	July*	Aug*	Sept*	Oct*	Nov*	Dec*	Total*
REVENUES	16.284	13.095	15.698	18.354	18.593	14.985	13.143	25.052	10.447	20.327	14.990	21.654	202.624
PRIVATIZATION AND FUND REVENUES	1	1.371	223	1.813	75	244	4	119	1.001	1.881	351	624	7.706
EXPENDITURES	18.215	26.611	20.543	20.680	19.796	17.735	22.658	22.657	24.303	21.072	21.022	24.406	259.699
Primary Expenditures	14.440	16.785	16.122	17.572	14.894	16.779	17.508	14.769	19.583	16.220	19.161	23.358	207.192
Interest Payments	3.774	9.826	4.421	3.108	4.902	956	5.150	7.888	4.720	4.852	1.861	1.047	52.507
PRIMARY BALANCE	1.844	-3.690	-424	782	3.699	-1.793	-4.365	10.283	-9.135	4.107	-4.172	-1.704	-4.568
CASH BALANCE	-1.929	-12.145	-4.622	-513	-1.129	-2.506	-9.511	2.514	-12.855	1.135	-5.682	-2.127	-49.369
FINANCING	1.929	12.145	4.622	513	1.129	2.506	9.511	-2.514	12.855	-1.135	5.682	2.127	49.369
BORROWING (NET)	4.326	9.061	1.240	6.014	6.669	-2.275	7.087	7.718	5.962	5.809	1.678	524	53.814
EXTERNAL BORROW (NET)	1.156	115	-914	-635	2.157	-2.020	3.002	418	771	-637	-187	-228	2.998
Utilization	1.632	721	45	11	2.348	55	3.089	810	2.398	37	22	122	11.289
Payment	475	606	958	646	192	2.075	86	392	1.627	674	209	350	8.291
DOMESTIC BORROW (NET)	3.170	8.947	2.154	6.649	4.513	-255	4.085	7.299	5.191	6.446	1.865	752	50.816
Utilization	6.840	23.315	3.748	12.300	17.911	3.396	10.395	23.017	7.159	19.041	10.202	1.552	138.876
Payment	3.670	14.368	1.594	5.651	13.399	3.651	6.310	15.718	1.968	12.595	8.337	800	88.060
PRIVATIZATION REV	0	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFERS FROM SDIF	60	197	1	10	300	73	30	41	1	9	0	38	761
ASSIGNED-GUARANTEED DEBT RETURNS	34	38	63	51	100	151	68	31	59	76	57	150	877
BANK UTILIZATION	-2.490	2.848	3.319	-5.562	-5.940	4.556	2.326	-10.304	6.832	-7.029	3.947	1.415	-6.083
EXCHANGE RATE DIFF.	250	348	264	-204	59	-117	-300	195	-6	124	67	-49	629
BANK UTILIZATION NET	-2.740	2.500	3.055	-5.357	-5.999	4.674	2.626	-10.499	6.838	-7.153	3.880	1.464	-6.712

As of the end of the year total cash balance deficit of the Treasury stands at 49.4 billion TL. On the other hand, central government budget cash balance deficit is 56.3 billion TL. It is striking that the gap between the two values is quite wide as of the end of the year.

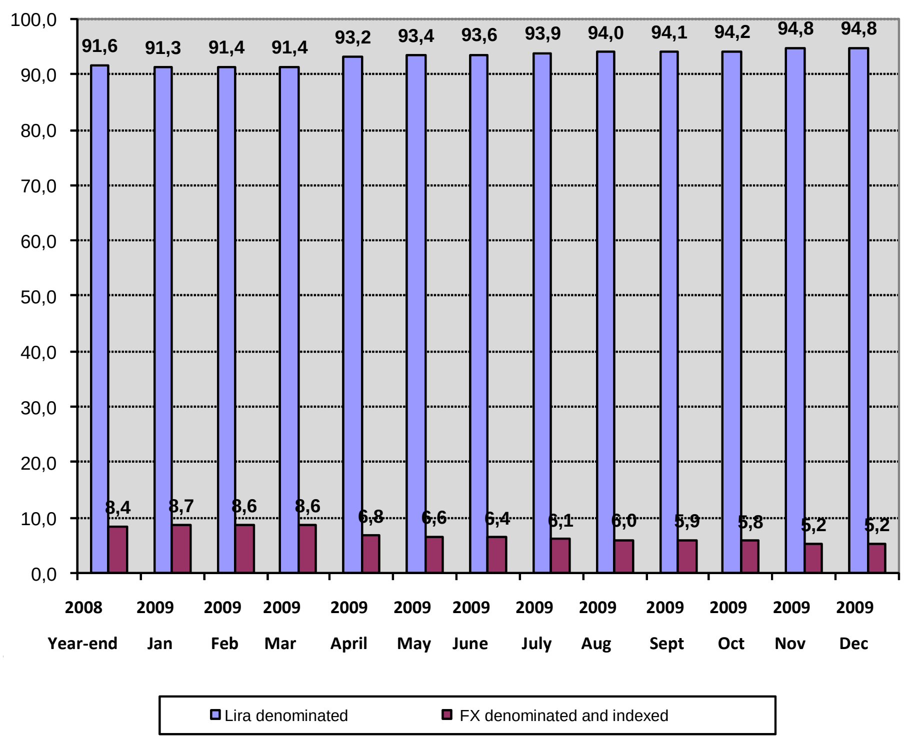
Table 18. General Budget Balance and Central Government Budget Balance, Comparative Table (December)

General Budget Balance		Central Government Budget Balance	
(million YTL)	December End	(million YTL)	December End
Budget Balance	-52.630	Budget Balance	-52.215
Escrows	-3.585	Escrows	-3.157
Advances	-906	Advances	-917
Cash Balance	-57.121	Cash Balance	-56.289
Funding	57.121	Funding	56.289
Total Net Borrowing	60.386	Total Net Borrowing	602.866
Let Lending (-)	-213	Let Lending (-)	-196
Privatization Revenues	0	Privatization Revenues	0
Change in Cash & Other Items (-) Entry (+) Exit	-3.478	Change in Cash & Other Items (-) Entry (+) Exit	-4.294

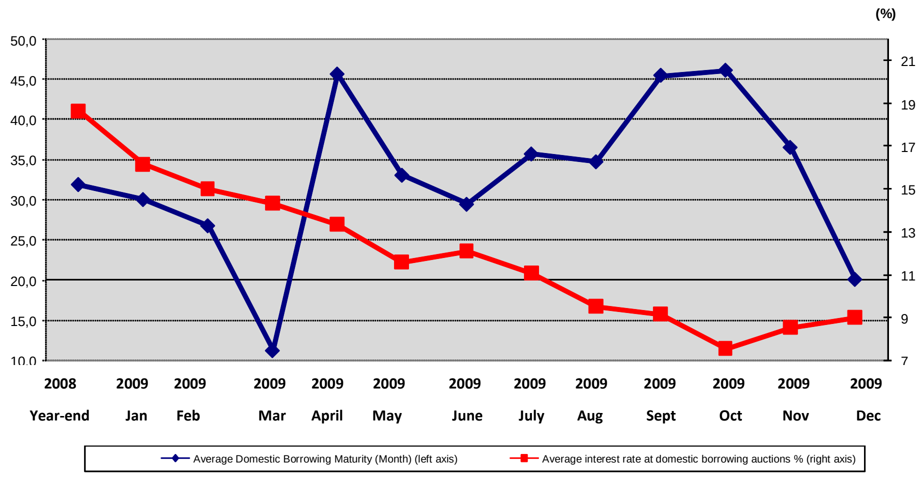
Graph 11. Central Government Domestic Debt Stock Interest Structure



Graph 12. Central Government Domestic Debt Stock TL-FX Structure



Graph 13. Average Maturity and Interest Rate for Domestic Borrowing



Average domestic borrowing interest rate, which hit the trough in October tended upwards as of November and continued this trend as well in December. Average maturities for domestic borrowing for new borrowings appear to have tended downwards as of October.

IV. Final Account Conformity Statement and Arbitrary Use of Power by the Public Authority - Can the TGNA Control How the Budget Right is Executed?

Discussions on budget laws generally focus on the recent developments and on the budgets for the years ahead. On the other hand, it is not much questioned what the budget figures for the previous year imply; budget talks in the TGNA (Great National Assembly of Turkey) do not focus on the final account of the previous year and the Court of Accounts conformity statements pertaining to the final account; and the attention of the public as well ignores this issue.

However conformity statements by the Court of Accounts, who is responsible for controlling the final account laws and the financial transactions pertaining to these on behalf of the TGNA, are vital documents that is an important indicator of the state of democracy in one country and that examine how the 'budget right' belonging to the TGNA on behalf of the public is executed in practice. Budget right is transferred by the TGNA to governments following the budget talks and governments collect revenues and make expenditure accordingly.

In this respect, it is seen that recently the executive body has been going beyond the budget right transferred by the TGNA through the newly added provisions of the Budget Law on allowance transfers and exceeding the budget right granted.

Table 19. Initial Allowance - Final Account - Excess Amount

			Million TL
	Initial Allowance	Final Account	Excess*
2006	174,322	178,126	3,037
2007	204,989	204,068	5,129
2008	222,553	227,031	5,062

* Final Accounts and Court of Accounts General Conformity Statements

When the statements of conformity by the Court of Accounts are examined and allowances added during the year taken into account, it is seen that the initial allowance for the 2008 budget was exceeded by 5 billion TL compared to the revised budget and that the item which exceeded the allowance level the most was the personnel expenditures item. Because, throughout the year the public authority makes deductions from this item and transfers funds from this item to other relevant items. Then, the authority spends under the items which received the transfers at levels exceeding the initial allowances provided by the TGNA. We should note that it is possible to make spending under the personnel expenditures item regardless of the allowance. Court of Accounts assesses this situation as ‘obligation to make payment’ (i.e. the public authority is obliged to pay the salaries irrespective of the allowance). In fact, this practice clearly contradicts with the No 5018 Public Financial Management and Control Law Article 21 final paragraphs stipulating that ‘no transfers can be made from personnel expenditures item’. AS a result personnel expenditures in excess of the allowance level as identified in the year and during final account negotiations is legalized by the TGNA by the provision of ‘supplement allowance’ upon the advice of the Court of Accounts.

Table 20. Use of Personnel Expenditures Allowance and Excess Spending

				Million TL
	Initial Allowance	**Final Account**	**Excess**	**Expenditure In Excess of Allow ***
2006	36,021	37,812	1,791	921
2007	43,670	43,569	-101	4,658
2008	48,672	48,856	184	4,503

*Source: 2006, 2007, 2008 Court of Accounts General Conformity Statement

As the Table above indicates, initial personnel allowances were sufficient in 2007 and 2008. However, personnel expenditure allowance fell short at the end of the year as funds were transferred from this item to supplement allowance throughout the year to be used for expenditures under other items.

Though this practice seems to have solved the problem on paper, it forms a basis for making expenditures in excess of the initial budget right transferred by the TGNA and forces the TGNA to grant additional budget right under the name of ‘complementary allowance’.

We believe that such practices which seem to gain prevalence day by day should be prevented apart from some exceptional cases and that for budget items expenditures under which are understood to exceed the initial allowance should be financed through the granting of ‘supplementary allowance’ during the year instead of evasive practices such as ‘complementary allowance’ which contradict with the budget right and budget tradition.

Another issue that should be addressed in this context is the necessary to report clearly to which budget items the funds are transferred. As per the No 5018 Law Article 23, the recipient items of the transfers from supplementary allowances should be declared in January each year. Nonetheless this declaration pertains only to the allocation of the supplementary allowance defined at the beginning of the year and does not give information on the transfers made during the year as explained above.

ANNEXES

Annex Table 1. 2009 Central Government Budget Allowances and Expenditures (End of December)

	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Total	2009 Bugdet	(%) Realiz.	(%) Compos. Of Exp.
Expenditures	**66.424.698**	**58.406.078**	**72.338.252**	**70.106.057**	**267.275.085**	**259.155.933**	**103,13**	**100,00**
Primary Expenditures	**48.334.482**	**49.254.141**	**54.067.927**	**62.417.640**	**214.074.190**	**201.655.903**	**106,16**	**80,10**
I. Compensation of Employees	**14.496.612**	**13.972.308**	**14.127.952**	**13.333.379**	**55.930.251**	**57.211.200**	**97,76**	**20,93**
Civil Servants	12.494.488	11.531.024	11.846.389	10.765.619	46.637.520	47.650.824	97,87	17,45
Workers	650.057	929.429	1.018.927	943.460	3.541.873	4.103.648	86,31	1,33
Other	1.352.067	1.511.855	1.262.636	1.624.300	5.750.858	5.456.728	105,39	2,15
II. Govn. Premiums to Social Sec. Agencies	**1.769.422**	**1.677.018**	**1.692.970**	**2.066.433**	**7.205.843**	**7.242.800**	**99,49**	**2,70**
Civil Servants	1.472.939	1.297.712	1.360.467	1.640.593	5.771.711	5.857.701	98,53	2,16
Workers	123.362	189.196	185.488	198.054	696.100	698.623	99,64	0,26
Other	173.121	190.110	147.015	227.786	738.032	686.476	107,51	0,28
III. Good and Service Procurements	**4.801.531**	**5.897.277**	**6.626.536**	**12.268.952**	**29.594.296**	**25.453.678**	**116,27**	**11,07**
Defense and Security	**1.257.007**	**1.756.532**	**2.679.320**	**3.951.168**	**9.644.027**	**9.113.219**	**105,82**	**3,61**
Ministry of Defense	**1.001.617**	1.337.015	2.142.450	2.976.341	7.457.423	7.144.231	104,38	2,79
General Command of Gendarme	**160.502**	253.605	332.059	650.913	1.397.079	1.273.708	109,69	0,52
General Directorate of Security	**94.888**	165.912	204.811	323.914	789.525	695.280	113,55	0,30
Health Expenditures	**1.756.559**	**1.753.747**	**1.636.462**	**3.650.455**	**8.797.223**	**7.084.000**	**124,18**	**3,29**
Cure and Pharm. Prod. Exp. of Persons with Green Card	1.223.752	1.059.104	1.051.393	2.171.501	5.505.750	4.109.000	133,99	2,06
Medicine Expenditures	187.361	258.835	226.091	474.654	1.146.941	1.145.272	100,15	0,43
Cure and Pharmaceutical Products	345.446	435.808	358.978	1.004.300	2.144.532	1.829.728	117,20	0,80
General Debt Expenditures	**26.826**	**4.704**	**8.037**	**2.124**	**41.691**	**145.000**	**28,75**	**0,02**
Other Goods and Services Expenditures	**1.761.139**	**2.382.294**	**2.302.717**	**4.665.205**	**11.111.355**	**9.111.459**	**121,95**	**4,16**
IV. Current Transfers	**24.179.364**	**21.917.831**	**24.107.863**	**21.555.958**	**91.761.016**	**87.955.756**	**104,33**	**34,33**
Duty Losses	**1.470.751**	**874.219**	**469.347**	**1.323.932**	**4.138.249**	**3.081.194**	**134,31**	**1,55**
Duty Losses of Public Enterprises	1.235.752	608.000	98.784	788.628	2.731.164	2.004.999	136,22	1,02
Financial Institutions	178.482	192.243	315.781	314.092	1.000.598	750.000	133,41	0,37
Other Duty Losses	56.517	73.976	54.782	221.212	406.487	326.195	124,61	0,15
Treasury Aid	**14.187.188**	**13.371.617**	**16.569.132**	**12.821.304**	**56.949.241**	**50.500.901**	**112,77**	**21,31**
Treasury Aid to Social Security Agencies	**252.659**	**240.145**	**253.402**	**272.371**	**1.018.577**	**1.048.000**	**97,19**	**0,38**
Unemployment Insurance Fund	252.659	240.145	253.402	272.371	1.018.577	1.048.000	97,19	0,38
Provincial Offices	**408.655**	**314.694**	**382.744**	**484.954**	**1.591.047**	**1.595.238**	**99,74**	**0,60**
Municipalities	56.350	2.510	60.085	50.126	169.071	128.823	131,24	0,06
Other (provincial offices and villages)	352.305	312.184	322.659	434.828	1.421.976	1.466.415	96,97	0,53
Other Treasury Aids	347.212	**273.377**	**399.770**	**634.530**	**1.654.889**	**1.167.663**	**141,73**	**0,62**
DFİF	126.000	125.000	143.000	181.000	575.000	500.000	115,00	0,22
Other	221.212	148.377	256.770	453.530	1.079.889	667.663	161,74	0,40
Transfers to Non-financial Establishments	**297.810**	**203.365**	**92.286**	**250.604**	**844.065**	**831.169**	**101,55**	**0,32**
Treansfers to Households	**259.284**	**352.923**	**270.322**	**380.534**	**1.263.063**	**1.321.514**	**95,58**	**0,47**
Scholarships & Pocket Money	146.229	181.602	158.005	209.504	695.340	615.025	113,06	0,26
Other Transfers for Education	64.985	105.629	79.165	104.771	354.550	527.042	67,27	0,13
Transfers for Health	13.783	14.132	12.747	17.123	57.785	68.609	84,22	0,02
Transfers for Foods	31.761	49.255	16.838	45.633	143.487	100.783	142,37	0,05
Transfers for Accomodation	2.526	2.305	3.567	3.503	11.901	10.055	118,36	0,00
Agricultural Subsidies	**2.355.679**	**1.305.293**	**183.398**	**650.198**	**4.494.568**	**4.951.301**	**90,78**	**1,68**
Direct Revenue Support	1.063.000	6.500	8.900	4.500	1.082.900	1.254.600	86,31	0,41
Differential Paying Supporting	563.000	985.000	0	458.790	2.006.790	1.870.200	107,30	0,75
Stockbreeding Support	595.000	253.000	45.000	14.500	907.500	1.182.600	76,74	0,34
Other	134.679	60.793	129.498	172.408	497.378	643.901	77,24	0,19
Other Transfers to Households	**201.384**	**125.970**	**242.251**	**461.208**	**1.030.813**	**845.999**	**121,85**	**0,39**
Social Transfers	**192.298**	**232.412**	**289.802**	**312.500**	**1.027.012**	**847.092**	**121,24**	**0,38**
Foreign Transfers	**198.645**	**178.334**	**154.012**	**178.968**	**709.959**	**847.586**	**83,76**	**0,27**
Shares from Revenues	**5.016.325**	**5.273.698**	**5.837.313**	**5.176.710**	**21.304.046**	**24.729.000**	**86,15**	**7,97**
V. Capital Expenditures	**1.109.714**	**3.877.123**	**5.305.190**	**9.555.256**	**19.847.283**	**14.838.999**	**133,75**	**7,43**
VI. Capital Transfers	**387.330**	**789.281**	**1.016.897**	**2.120.182**	**4.313.690**	**2.824.819**	**152,71**	**1,61**
VII. Lending	**1.590.509**	**1.123.303**	**1.190.519**	**1.517.480**	**5.421.811**	**4.660.842**	**116,33**	**2,03**
Domestic Lending	**1.486.509**	**1.014.303**	**1.036.519**	**1.257.480**	**4.794.811**	**4.334.842**	**110,61**	**1,79**
Public Enterprises	1.141.253	572.800	500.666	801.500	3.016.219	1.869.000	161,38	1,13
Risk Account	0	0	0	0	0	550.000	0,00	0,00
Other	345.256	441.503	535.853	455.980	1.778.592	1.915.842	92,84	0,67
Foreign Lending	**104.000**	**109.000**	**154.000**	**260.000**	**627.000**	**326.000**	**192,33**	**0,23**
Cyprus	104.000	109.000	154.000	260.000	627.000	326.000	192,33	0,23
VIII. Reserve Appropriations	0	**0**	**0**	**0**	**0**	**1.467.809**	**0,00**	**0,00**
Interest Expenditures	**18.090.216**	**9.151.937**	**18.270.325**	**7.688.417**	**53.200.895**	**57.500.030**	**92,52**	**19,90**
I. Domestic Interest	**15.393.440**	**8.129.608**	**16.288.703**	**6.950.276**	**46.762.027**	**48.971.000**	**95,49**	**17,50**
II. Foreign Debt Interest	**2.678.709**	**1.005.494**	**1.900.990**	**732.925**	**6.318.118**	**6.308.030**	**100,16**	**2,36**
III. Interest of Discount & Short Term Cash Operation	**18.067**	**16.835**	**80.632**	**5.216**	**120.750**	**2.221.000**	**5,44**	**0,05**

Annexed Table 2. Central Government Budget Expenditures, Comparative 2008-2009 (End of December)

	2008				2009				Rate of Increase	
	December	Total	Bugdet Estimate	Realization Rate	December	Total	Bugdet Estimate	Realization Rate	December	Total
Central Government Budget Expenditures	25.000.101	227.030.562	222.553.217	102,0	27.733.324	267.275.085	259.155.933	103,1	10,9	17,7
Primary Expenditures	23.129.502	176.369.257	166.553.167	105,9	26.691.582	214.074.190	201.655.903	106,2	15,4	21,4
Compensation for Employees	3.274.564	48.856.322	48.672.049	100,4	3.633.038	55.930.251	57.211.200	97,8	10,9	14,5
Government Premiums to Social Security Agencies	858.370	6.407.540	6.405.463	100,0	890.921	7.205.843	7.242.800	99,5	3,8	12,5
Good and Services Procurements	5.227.252	24.411.518	22.905.423	106,6	7.281.887	29.594.296	25.453.678	116,3	39,3	21,2
Defense-Security	2.286.028	8.327.453	8.410.568	99,0	2.374.386	9.644.027	9.113.219	105,8	3,9	15,8
Health Expenditures	889.090	6.765.317	6.741.000	100,4	2.511.577	8.797.223	7.084.000	124,2	182,5	30,0
General Cure and Pharmaceutical Products	309.554	1.788.381	1.801.586	99,3	748.046	2.144.532	1.829.728	117,2	141,7	19,9
General Medicine Expenditures	164.597	945.944	1.089.414	86,8	323.430	1.146.941	1.145.272	100,1	96,5	21,2
Medicine Expenditures of Persons Having Green Card	414.939	4.030.992	3.850.000	104,7	1.440.101	5.505.750	4.109.000	134,0	247,1	36,6
General Debt Expenditures	6.101	87.790	130.000	67,5	477	41.691	145.000	28,8	-92,2	-52,5
Other Goods and Services	2.046.033	9.230.958	7.623.855	121,1	2.395.447	11.111.355	9.111.459	121,9	17,1	20,4
Current Transfers	6.964.885	70.360.437	69.206.600	101,7	6.883.434	91.761.016	87.955.756	104,3	-1,2	30,4
Duty Losses	238.253	2.040.894	1.551.334	131,6	331.511	4.138.249	3.081.194	134,3	39,1	102,8
Duty Losses of Public Enterprises	175.000	1.283.537	733.000	175,1	86.483	2.731.164	2.004.999	136,2	-50,6	112,8
Financial Institutions	37.958	573.158	611.000	93,8	183.709	1.000.598	750.000	133,4	384,0	74,6
Other Duty Losses	25.295	184.199	207.334	88,8	61.319	406.487	326.195	124,6	142,4	120,7
Treasury Aid	3.597.877	38.768.639	39.912.216	97,1	3.186.549	56.949.241	50.500.901	112,8	-11,4	46,9
Treasury Aid to Social Security Agencies	91.396	1.022.169	932.000	109,7	93.677	1.018.577	1.048.000	97,2	2,5	-0,4
Unemployment Insurance Fund	91.396	1.022.169	932.000	109,7	93.677	1.018.577	1.048.000	97,2	2,5	-0,4
Health, Retirement & Social Aid Expenditures	3.399.998	35.133.383	37.031.000	94,9	2.662.901	52.684.728	46.690.000	112,8	-21,7	50,0
Government Social Security Contribution	857.300	1.718.300	0		990.000	11.084.293	12.268.000	90,4	15,5	545,1
Social Security Deficit Finance	1.729.000	25.849.685	28.804.000	89,7	434.669	29.249.282	21.378.000	136,8	-74,9	13,2
Other	813.698	7.565.398	8.227.000	92,0	1.238.232	12.351.153	13.044.000	94,7	52,2	63,3
Treasury Aid to Provincial Offices	51.792	1.917.527	1.235.100	155,3	127.312	1.591.047	1.595.238	99,7	145,8	-17,0
Other Treasury Aids	54.691	695.560	714.116	97,4	302.659	1.654.889	1.167.663	141,7	453,4	137,9
Transfers to Non-financial establishments	110.969	443.946	335.898	132,2	170.902	844.065	831.169	101,6	54,0	90,1
Transfers to Households	144.459	1.100.942	1.101.438	100,0	166.632	1.263.063	1.321.514	95,6	15,3	14,7
Agricultural Subsidies	30.975	5.809.044	5.400.000	107,6	399.399	4.494.568	4.951.301	90,8	1.189,4	-22,6
Differential Paying Supporting	0	1.848.000	1.758.000	105,1	303.790	2.006.790	1.870.200	107,3		8,6
Stockbreeding Support	10.055	1.095.465	731.000	149,9	4.500	907.500	1.182.600	76,7	-55,2	-17,2
Other Agricultural Transfers	20.920	2.865.579	2.911.000	98,4	91.109	1.580.278	1.898.501	83,2	335,5	-44,9
Other Transfers to Households	302.632	883.457	632.826	139,6	400.682	1.030.813	845.999	121,8	32,4	16,7
Social Transfers	60.675	441.617	227.791	193,9	110.801	1.027.012	847.092	121,2	82,6	132,6
Foreign Transfers	136.017	615.642	654.057	94,1	79.527	709.959	847.586	83,8	-41,5	15,3
Shares from Revenues	2.343.028	20.256.256	19.391.040	104,5	2.037.431	21.304.046	24.729.000	86,2	-13,0	5,2
Shares of Local Government	1.617.386	15.829.323	15.059.000	105,1	1.536.389	16.834.529	19.919.000	84,5	-5,0	6,4
Shares on Funds	457.143	3.554.512	3.822.378	93,0	449.718	3.474.014	4.220.578	82,3	-1,6	-2,3
Other Shares	268.499	872.421	509.662	171,2	51.324	995.503	589.422	168,9	-80,9	14,1
Capital Expenditures	5.334.323	18.515.893	11.775.030	157,2	5.979.418	19.847.283	14.838.999	133,8	12,1	7,2
Capital Transfers	558.161	3.173.794	2.084.420	152,3	1.311.439	4.313.690	2.824.819	152,7	135,0	35,9
Domestic Capital Transfers	488.904	3.042.923	1.862.447	163,4	1.210.034	4.173.089	2.648.027	157,6	147,5	37,1
Foreign Capital Transfers	69.257	130.871	221.973	59,0	101.405	140.601	176.792	79,5	46,4	7,4
Lending	911.947	4.643.753	3.933.510	118,1	711.445	5.421.811	4.660.842	116,3	-22,0	16,8
Domestic Lending	756.947	4.211.753	3.708.510	113,6	636.445	4.794.811	4.334.842	110,6	-15,9	13,8
Foreign Lending	155.000	432.000	225.000	192,0	75.000	627.000	326.000	192,3	-51,6	45,1
Reserve Appropriations	0	0	1.570.672		0	0	1.467.809			
Interest Expenditures	1.870.599	50.661.305	56.000.050	90,5	1.041.742	53.200.895	57.500.030	92,5	-44,3	5,0

Annexed Table 3. Central Government Budget Revenues, Comparative 2008-2009 (End of December)

	2009 December	2008 December	Increase (%)	Estimation in 2009 Budget	Estimation in 2008 Budget	Realization compared to 2009 Bugdet (%)	Realization compared to 2008 Bugdet (%)
Central Government Budget Revenues	**215.060.457**	**209.598.472**	**2,61**	**248.758.275**	**204.556.459**	**86,45**	**102,46**
General Budget Revenues	**208.656.435**	**203.026.914**	**2,77**	**242.957.046**	**199.410.938**	**85,88**	**101,81**
I-Tax Revenues	**172.416.575**	**168.108.960**	**2,56**	**202.089.590**	**171.206.312**	**85,32**	**98,19**
Taxes on Income, Profits and Capital Gains	**56.467.668**	**54.935.030**	**2,79**	**65.401.318**	**52.600.000**	**86,34**	**104,44**
Income Tax	**38.444.853**	**38.029.985**	**1,09**	**45.253.023**	**38.100.000**	**84,96**	**99,82**
Based on Declaration	1.987.046	1.808.461	9,87		1.512.910		119,54
Lump-sum	244.269	208.682	17,05		214.798		97,15
Witholding Tax	35.090.454	34.835.591	0,73		35.141.082		99,13
Provisional Tax	1.123.084	1.177.251	-4,60		1.231.210		95,62
Corporation Tax	**18.022.815**	**16.905.045**	**6,61**	**20.148.295**	**14.500.000**	**89,45**	**116,59**
Based on Declaration	494.736	517.235	-4,35		220.000		235,11
Witholding Tax	212.619	182.834	16,29		16.000		1.142,71
Provisional Tax	17.315.460	16.204.976	6,85		14.264.000		113,61
Tax on Property	**4.663.896**	**4.088.064**	**14,09**	**4.822.548**	**4.029.000**	**96,71**	**101,47**
Inheritance and Gift Taxes	168.253	144.092	16,77	122.548	152.000	137,30	94,80
Motor Vehicle Tax	4.495.643	3.943.972	13,99	4.700.000	3.877.000	95,65	101,73
DomesticGoods and Services Taxes	**73.135.344**	**67.258.421**	**8,74**	**79.065.371**	**71.382.312**	**92,50**	**94,22**
Domestic VAT	**20.851.946**	**16.804.601**	**24,08**	**19.973.859**	**17.652.000**	**104,40**	**95,20**
Special Consumption Tax	**43.619.793**	**41.831.723**	**4,27**	**49.375.936**	**44.719.366**	**88,34**	**93,54**
SCT on Petroleum and Natural Gas	25.524.959	23.941.458	6,61		25.638.366		93,38
SCT on Motor Vehicles	3.352.689	3.804.892	-11,88		4.611.000		82,52
SCT on Coke, Alcoholic Bev. & Tobacco Prod.	13.892.805	13.080.130	6,21		13.207.000		99,04
SCT on Durable Goods and Other Goods	849.340	1.005.243	-15,51		1.263.000		79,59
Banking and Insurance Transactions Tax	**4.002.981**	**3.695.158**	**8,33**	**4.100.000**	**3.975.946**	**97,63**	**92,94**
Other Taxes on Goods and Services	**4.660.624**	**4.926.939**	**-5,41**	**5.615.576**	**5.035.000**	**82,99**	**97,85**
Taxes on International Trade & Transactions	**28.646.984**	**32.781.443**	**-12,61**	**42.053.351**	**33.502.000**	**68,12**	**97,85**
Customs Duties	2.463.282	2.770.001	-11,07	3.507.979	2.952.000	70,22	93,83
VAT on Imports	26.132.216	29.972.307	-12,81	38.500.000	30.500.000	67,88	98,27
Other Taxes on International Trade & Transactions	51.486	39.135	31,56	45.372	50.000	113,48	78,27
Stamp Duties	**4.168.778**	**3.945.061**	**5,67**	**4.717.000**	**4.200.000**	**88,38**	**93,93**
Fees	**4.737.926**	**5.050.209**	**-6,18**	**5.970.002**	**5.400.000**	**79,36**	**93,52**
Taxes not Elsewhere Classified	**595.979**	**50.732**	**1.074,76**	**60.000**	**93.000**	**993,30**	**54,55**
II-Property Income	**9.944.204**	**7.422.167**	**33,98**	**7.362.410**	**8.978.314**	**135,07**	**82,67**
Revenues from Valuable Bank Checks	**1.768.448**	**1.504.320**	**17,56**	**1.650.000**	**1.687.000**	**107,18**	**89,17**
Revenues from SEE's and Public Banks	**4.058.853**	**3.999.708**	**1,48**	**3.346.712**	**4.247.707**	**121,28**	**94,16**
Corporation Profits	**760.786**	**791.854**	**-3,92**	**935.697**	**1.715.807**	**81,31**	**46,15**
Rents	**809.331**	**729.257**	**10,98**	**850.001**	**792.000**	**95,22**	**92,08**
Other Property Income	**2.546.786**	**397.028**	**541,46**	**580.000**	**535.800**	**439,10**	**74,10**
III-Grants and Aids and Special Revenues	**879.394**	**849.596**	**3,51**	**941.822**	**801.520**	**93,37**	**106,00**
From Abroad	**25**	**9.540**	**-99,74**	**10.229**	**0**		
Special Revenues	**879.369**	**840.056**	**4,68**	**931.593**	**801.520**	**94,39**	**104,81**
IV-Interests, Shares and Fines	**23.070.049**	**17.125.849**	**34,71**	**19.424.424**	**14.118.022**	**118,77**	**121,30**
Interest Revenues	**5.647.307**	**4.357.456**	**29,60**	**2.445.543**	**2.225.152**	**230,92**	**195,83**
Shares from Persons and Agencies	**7.654.563**	**6.908.338**	**10,80**	**9.653.869**	**6.393.236**	**79,29**	**108,06**
Government Shares	246.771	308.712	-20,06	380.000	240.000	64,94	128,63
Shares of General Budget Agencies	7.407.792	6.599.626	12,25	9.273.869	6.153.236	79,88	107,25
Fines	**3.908.022**	**2.925.353**	**33,59**	**3.457.012**	**3.399.900**	**113,05**	**86,04**
Judicial Fines	201.375	184.005	9,44	212.181	162.580	94,91	113,18
Administrative Fines	1.136.473	917.218	23,90	1.046.857	657.291	108,56	139,55
Tax Penalty	2.481.326	1.741.276	42,50	2.092.441	2.557.218	118,59	68,09
Other Fines	88.848	82.854	7,23	105.533	22.811	84,19	363,22
Other Miscellenous Revenues	**5.860.157**	**2.934.702**	**99,68**	**3.868.000**	**2.099.734**	**151,50**	**139,77**
V-Capital Revenues	**2.044.276**	**9.113.751**	**-77,57**	**13.138.800**	**4.306.770**	**15,56**	**211,61**
Sales of Immovables	**214.991**	**223.417**	**-3,77**	**499.800**	**401.300**	**43,02**	**55,67**
Sales of Movables	**4.456**	**1.667**	**167,31**	**8.000**	**5.470**	**55,70**	**30,48**
Sales of Other Miscellenous Capitals	**1.824.829**	**8.888.667**	**-79,47**	**12.631.000**	**3.900.000**	**14,45**	**227,91**
VI-Collections from Loans	**301.937**	**406.591**	**-25,74**	**0**	**0**		
Revenues from Special Budget Institutions	**4.602.510**	**4.824.938**	**-4,61**	**3.877.618**	**3.417.133**	**118,69**	**141,20**
Revenues from Regulatory&Supervisory Inst.	**1.801.512**	**1.746.620**	**3,14**	**1.923.611**	**1.728.388**	**93,65**	**101,05**

Annexed Table 4. % Composition of 2009 Central Government Budget Expenditures under Functional and Economic Classification (end of December)

4 a)

	Compens. Of Employees	SSI Premium Payment	Goods & Services Procurements	Interest Expenditure	Current Transfers	Capital Expen.	Capital Transfers	Lending	Total
General Public Services	6,5	0,7	2,7	61,1	25,5	1,4	1,4	0,7	100
Defense Services	41,7	6,3	51,5	0,0	0,1	0,4	0,0	0,0	100
Public Order and Security Services	63,1	7,6	25,3	0,0	0,0	3,9	0,0	0,0	100
Economic Works and Services	12,5	2,0	6,6	0,0	29,6	35,9	3,4	10,0	100
Environmental Protection Services	39,0	5,8	10,0	0,0	1,0	8,4	35,8	0,0	100
Housing & Public Welfare Services	0,5	0,1	0,4	0,0	64,9	15,8	18,2	0,2	100
Health Services	34,6	5,5	48,7	0,0	0,1	11,1	0,0	0,0	100
Leisute, Cultural & Religious Services	53,4	6,8	14,7	0,0	10,9	11,0	3,1	0,1	100
Education Services	60,6	7,2	12,8	0,0	4,5	8,3	2,8	3,8	100
Social Security and Social Aids	0,4	0,0	0,9	0,0	98,2	0,2	0,0	0,2	100

4 b)

	Compens. Of Employees	SSI Premium Payment	Goods & Services Procurements	Interest Expenditure	Current Transfers	Capital Expen.	Capital Transfers	Lending
General Public Services	10,1	8,3	8,1	100,0	24,2	6,0	29,0	11,7
Defense Services	10,8	12,7	25,3	0,0	0,0	0,3	0,0	0,0
Public Order and Security Services	18,2	17,0	13,8	0,0	0,0	3,2	0,0	0,0
Economic Works and Services	7,5	9,4	7,4	0,0	10,8	60,6	26,2	61,7
Environmental Protection Services	0,2	0,2	0,1	0,0	0,0	0,1	2,1	0,0
Housing & Public Welfare Services	0,0	0,0	0,0	0,0	2,6	3,0	15,8	0,1
Health Services	9,7	11,9	25,8	0,0	0,0	8,8	0,0	0,0
Leisute, Cultural & Religious Services	4,4	4,4	2,3	0,0	0,5	2,5	3,3	0,1
Education Services	38,7	35,9	15,4	0,0	1,8	14,9	23,2	24,8
Social Security and Social Aids	0,4	0,4	1,8	0,0	60,0	0,6	0,3	1,6
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Annexed Table 5. General Budget Finance (End of December)

	January	February	March	April	May	June	July	August	September	October	November	December
PRIMARY BALANCE	**910.856**	**2.264.540**	**-2.231.314**	**175.835**	**4.619.178**	**3.810.666**	**1.713.287**	**8.928.061**	**4.897.915**	**6.438.288**	**5.131.210**	**570.884**
BUDGET BALANCE	**-2.872.056**	**-11.377.060**	**-20.321.531**	**-20.952.419**	**-21.499.706**	**-23.431.484**	**-30.754.972**	**-31.597.844**	**-40.614.560**	**-43.805.602**	**-47.027.940**	**-52.630.007**
BUDGET ESCROWS	-3.272.761	-5.012.684	-3.787.841	-3.815.836	-4.268.453	-3.083.122	-2.498.823	-2.600.828	-2.204.673	-2.465.581	-550.631	-1.556.733
OTHER ESCROWS	-2.651.690	-2.574.065	-2.588.381	-2.279.541	-2.129.488	-2.155.328	-2.213.951	-2.240.208	-2.415.470	-2.303.425	-2.543.854	-2.028.059
ADVANCES	1.740.241	1.211.619	1.360.623	1.178.817	1.025.952	917.248	772.209	1.162.446	1.146.695	952.733	998.831	-905.807
Cash Balance	**-7.056.266**	**-17.752.190**	**-25.337.130**	**-25.868.979**	**-26.871.695**	**-27.752.686**	**-34.695.537**	**-35.276.434**	**-44.088.008**	**-47.621.875**	**-49.123.594**	**-57.120.606**
Treasury Funding	**7.056.266**	**17.752.190**	**25.337.130**	**25.868.979**	**26.871.695**	**27.752.686**	**34.695.537**	**35.276.434**	**44.088.008**	**47.621.875**	**49.123.594**	**57.120.606**
Total Net Borrowing (Borrowing minus repayment)	**4.294.038**	**13.552.496**	**15.858.866**	**22.220.457**	**29.123.997**	**27.133.446**	**37.168.638**	**45.533.966**	**51.465.339**	**57.545.939**	**59.526.945**	**60.386.299**
Total Borrowing	**8.624.626**	**33.315.830**	**38.289.890**	**51.056.690**	**71.543.630**	**76.049.757**	**93.206.771**	**118.407.311**	**131.267.221**	**150.550.944**	**161.804.758**	**163.784.413**
Domestic Borrowing	6.998.758	30.879.897	35.689.047	48.065.482	65.976.929	70.290.437	83.987.653	107.902.782	118.354.346	137.395.052	148.344.401	149.896.563
Bills	6.006.758	26.444.897	27.384.213	39.760.648	57.672.095	61.985.603	74.236.818	89.338.317	99.021.881	118.062.587	129.011.936	130.564.099
Bonds	992.000	4.435.000	8.304.834	8.304.834	8.304.834	8.304.834	9.750.834	18.564.465	19.332.465	19.332.465	19.332.465	19.332.465
Foreign Borrowing	1.625.868	2.435.933	2.600.843	2.991.208	5.566.701	5.759.320	9.219.118	10.504.530	12.912.874	13.155.892	13.460.357	13.887.849
Total Capital Repayments	**-4.330.588**	**-19.763.335**	**-22.431.024**	**-28.836.233**	**-42.419.633**	**-48.916.311**	**-56.038.133**	**-72.873.345**	**-79.801.882**	**-93.005.005**	**-102.277.813**	**-103.398.113**
Domestic Borrowing	-3.818.105	-18.683.804	-20.395.012	-26.118.971	-39.517.765	-43.964.863	-50.965.725	-67.454.824	-72.696.890	-85.291.462	-94.326.308	-95.126.308
Bills	-299.105	-12.437.804	-13.497.012	-19.220.971	-32.619.765	-33.801.322	-37.635.468	-50.681.566	-55.307.633	-67.902.205	-75.051.352	-75.851.352
Bonds	-3.519.000	-6.246.000	-6.898.000	-6.898.000	-6.898.000	-10.163.541	-13.330.257	-16.773.257	-17.389.257	-17.389.257	-19.274.956	-19.274.956
Foreign Borrowing	-512.483	-1.079.530	-2.036.011	-2.717.262	-2.901.868	-4.951.448	-5.072.407	-5.418.521	-7.104.991	-7.713.543	-7.951.505	-8.271.805
Funds other than Borrowing	26.987	36.255	96.923	92.218	-11.707	51.814	7.999	-18.736	37.329	84.841	75.085	212.783
Privatization Revenues Transferred to Treasury	0	0	0	0	0	0	0	0	0	0	0	0
Net Lending (-)	-26.987	-36.255	-96.923	-92.218	11.707	-51.814	-7.999	18.736	-37.329	-84.841	-75.085	-212.783
Cash movement (- entry, + exit)	2.735.241	4.163.439	9.381.340	3.556.304	-2.240.595	567.426	-2.481.101	-10.238.796	-7.414.660	-10.008.905	-10.478.436	-3.478.477

Source: Undersecretariat of Treasury

Annexed Table 6. Composition of Central Government Debt Stock (End of December)

(million YTL)	Central Government Debt Stock (end of 2008)	%	Central Government Debt Stock Jan 2009)	%	Central Government Debt Stock (Feb 2009)	%	Central Government Debt Stock (March 2009)	%	Central Government Debt Stock (April 2009)	%	Central Government Debt Stock (May 2009)	%	Central Government Debt Stock (June 2009)	%
Structure of the Domestic Debt Stock	**274.827**	**100,0**	**279.236**	**100,0**	**288.933**	**100,0**	**292.306**	**100,0**	**297.768**	**100,0**	**301.871**	**100,0**	**301.676**	**100,0**
In terms of holders	274.827	100,0	279.236	100,0	288.933	100,0	292.306	100,0	297.768	100,0	301.871	100,0	301.676	100,0
To the government	65.751	23,9	66.221	23,7	67.244	23,3	67.736	23,2	68.642	23,1	66.818	22,1	66.620	22,1
To market	209.076	76,1	213.015	76,3	221.689	76,7	224.570	76,8	229.126	76,9	235.053	77,9	235.055	77,9
In terms of interest structure	274.827	100,0	279.236	100,0	288.933	100,0	292.306	100,0	297.768	100,0	301.871	100,0	301.676	100,0
Fixed-interest	140.614	51,2	142.429	51,0	145.635	50,4	148.856	50,9	146.458	49,2	146.618	48,6	146.837	48,7
variable-interest	134.213	48,8	136.807	49,0	143.298	49,6	143.450	49,1	151.309	50,8	155.253	51,4	154.839	51,3
In terms of FX composition	274.827	100,0	279.236	100,0	288.933	100,0	292.306	100,0	297.768	100,0	301.871	100,0	301.676	100,0
TL Denominated	251.836	91,6	254.937	91,3	263.953	91,4	267.051	91,4	277.584	93,2	282.097	93,4	282.349	93,6
FX Denominated	22.227	8,1	23.531	8,4	24.198	8,4	24.448	8,4	19.418	6,5	19.004	6,3	18.943	6,3
TL indexed to FX	764	0,3	767	0,3	783	0,3	808	0,3	765	0,3	770	0,3	384	0,1
Composition of Foreign Debt Stock	**105.313**	**100,0**	**111.924**	**100,0**	**114.601**	**100,0**	**115.575**	**100,0**	**111.696**	**100,0**	**109.463**	**100,0**	**107.353**	**100,0**
In terms of interest structure	105.313	100,0	111.924	100,0	114.601	100,0	115.575	100,0	111.696	100,0	109.463	100,0	107.353	100,0
Fixed-interest	75.825	72,0	81.431	72,8	83.279	72,7	84.466	73,1	82.331	73,7	80.593	73,6	78.638	73,3
variable-interest	29.488	28,0	30.493	27,2	31.323	27,3	31.109	26,9	29.365	26,3	28.870	26,4	28.715	26,7
Structure of Total Debt Stock	**380.140**	**100,0**	**391.159**	**100,0**	**403.534**	**100,0**	**407.881**	**100,0**	**409.463**	**100,0**	**411.334**	**100,0**	**409.029**	**100,0**
In terms of holders														
To the government	65.751	17,3	66.221	16,9	67.244	16,7	67.736	16,6	68.642	16,8	66.818	16,2	66.620	16,3
To market (1)	314.389	82,7	324.939	83,1	336.290	83,3	340.144	83,4	340.822	83,2	344.516	83,8	342.409	83,7
Faiz Yapısı Açısından	380.140	100,0	391.159	100,0	403.534	100,0	407.881	100,0	409.463	100,0	411.334	100,0	409.029	100,0
Sabit Faizliler	216.439	56,9	223.859	57,2	228.914	56,7	233.321	57,2	228.789	55,9	227.212	55,2	225.475	55,1
Değişken Faizliler	163.701	43,1	167.300	42,8	174.621	43,3	174.560	42,8	180.674	44,1	184.122	44,8	183.554	44,9
In terms of FX composition	380.140	100,0	391.159	100,0	403.534	100,0	407.881	100,0	409.463	100,0	411.334	100,0	409.029	100,0
TL Denominated	251.836	66,2	254.937	65,2	263.953	65,4	267.051	65,5	277.584	67,8	282.097	68,6	282.349	69,0
FX Denominated	127.540	33,6	135.455	34,6	138.799	34,4	140.023	34,3	131.114	32,0	128.466	31,2	126.296	30,9
TL indexed to FX	764	0,2	767	0,2	783	0,2	808	0,2	765	0,2	770	0,2	384	0,1
Average Maturity for Domestic Debt Stock (mo	24,3		23,3		23,8		22,7		23,1		23,7		23,1	
Average Maturity for Domestic Debt (Months)	31,9		30,0		26,7		11,2		45,6		33,0		29,4	
Average Interest Rate for Domestic Borrowing	18,64		16,16		14,99		14,31		13,35		11,59		12,09	

(million YTL)	Central Government Debt Stock (July 2009)	%	Central Government Debt Stock (August 2009)	%	Central Government Debt Stock (Sept 2009)	%	Central Government Debt Stock (Oct 2009)	%	Central Government Debt Stock (Nov 2009)	%	Central Government Debt Stock (Dec 2009)	%
Structure of the Domestic Debt Stock	**307.716**	**100,0**	**315.426**	**100,0**	**320.630**	**100,0**	**327.189**	**100,0**	**329.191**	**100,0**	**330.005**	**100,0**
In terms of holders	307.716	100,0	315.426	100,0	320.630	100,0	327.189	100,0	329.191	100,0	330.005	100,0
To the government	68.421	22,2	68.481	21,7	67.270	21,0	64.658	19,8	61.634	18,7	60.923	18,5
To market	239.295	77,8	246.946	78,3	253.360	79,0	262.531	80,2	267.557	81,3	269.082	81,5
In terms of interest structure	307.716	100,0	315.426	100,0	320.630	100,0	327.189	100,0	329.191	100,0	330.005	100,0
Fixed-interest	148.652	48,3	148.345	47,0	151.904	47,4	151.727	46,4	153.426	46,6	155.076	47,0
variable-interest	159.064	51,7	167.081	53,0	168.726	52,6	175.461	53,6	175.765	53,4	174.928	53,0
In terms of FX composition	307.716	100,0	315.426	100,0	320.630	100,0	327.189	100,0	329.191	100,0	330.005	100,0
TL Denominated	289.045	93,9	296.471	94,0	301.681	94,1	308.127	94,2	312.084	94,8	312.837	94,8
FX Denominated	18.300	5,9	18.575	5,9	18.566	5,8	18.674	5,7	17.106	5,2	17.168	5,2
TL indexed to FX	371	0,1	380	0,1	383	0,1	388	0,1	0	0,0	0	0,0
Composition of Foreign Debt Stock	**106.932**	**100,0**	**109.370**	**100,0**	**110.635**	**100,0**	**110.994**	**100,0**	**111.615**	**100,0**	**111.368**	**100,0**
In terms of interest structure	106.932	100,0	109.370	100,0	110.635	100,0	110.994	100,0	111.615	100,0	111.368	100,0
Fixed-interest	77.918	72,9	80.030	73,2	79.637	72,0	79.998	72,1	80.469	72,1	80.184	72,0
variable-interest	29.014	27,1	29.340	26,8	30.998	28,0	30.996	27,9	31.146	27,9	31.185	28,0
Structure of Total Debt Stock	**414.648**	**100,0**	**424.796**	**100,0**	**431.265**	**100,0**	**438.183**	**100,0**	**440.806**	**100,0**	**441.373**	**100,0**
In terms of holders												
To the government	68.421	16,5	68.481	16,1	67.270	15,6	64.658	14,8	61.634	14,0	60.923	13,8
To market (1)	346.226	83,5	356.316	83,9	363.995	84,4	373.524	85,2	379.172	86,0	380.450	86,2
Faiz Yapısı Açısından	414.648	100,0	424.796	100,0	431.265	100,0	438.183	100,0	440.806	100,0	441.373	100,0
Sabit Faizliler	226.570	54,6	228.375	53,8	231.541	53,7	231.726	52,9	233.895	53,1	235.260	53,3
Değişken Faizliler	188.078	45,4	196.422	46,2	199.724	46,3	206.457	47,1	206.910	46,9	206.113	46,7
In terms of FX composition	414.648	100,0	424.796	100,0	431.265	100,0	438.183	100,0	440.806	100,0	441.373	100,0
TL Denominated	289.045	69,7	296.471	69,8	301.681	70,0	308.127	70,3	312.084	70,8	312.837	70,9
FX Denominated	125.231	30,2	127.945	30,1	129.201	30,0	129.668	29,6	128.721	29,2	128.536	29,1
TL indexed to FX	371	0,1	380	0,1	383	0,1	388	0,1	0	0,0	0	0,0
Average Maturity for Domestic Debt Stock (mo	23,2		24,2		24,2		25,4		25,4		24,4	
Average Maturity for Domestic Debt (Months)	35,7		34,7		45,5		46,1		36,5		20,1	
Average Interest Rate for Domestic Borrowing	11,04		9,49		9,13		7,53		8,51		9,00	