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FiscalMontoringReport

Stability Institute

June September **2010**

Budget Implementation Results

Assessments on the General Statement of Conformity and Implementation Results Report for 2009 by the Court of Accounts

Some Recommendations for the Planning and Budgetary Commission for the 2011 Budget Negotiations

I. 2010 June-September Budget Implementation Results

A. A Brief Overview of the Central Government Budget Implementation 2010 June-September Month End Results - Executive Summary

According to the budget implementation results announced by the Ministry of Finance, central government had a 15.4 billion TL deficit as of the end of June. As of the end of September, budget deficit increased approximately by 40% and reached 21.3 billion TL.

Compared to the year before where the adverse affects of the global crisis on public finances was felt severely, budget deficit ameliorated by 47.8% and decreased from 40.8 to 21.3 billion TL as of the end of September.

By the end of June, budget expenditures, primary expenditures and budget revenues rose by 9.3%, 11.6% and 19.1%, respectively. As of the end of September, total budget expenditures stood at 208.8 billion TL representing 5.9% year-on-year increase. Primary expenditures increased by 11.8%.

Over the same period, budget revenues increased by 19.9% to 187.5 billion TL and tax revenues increased by 22.7% to 153.3 billion TL. The low basis of revenue collections in the year before enabled both a significant rate of increase in revenues and a considerable improvement of the budget balance performance compared to the year before.

Table 1. Central Government Budget June-September 2010 Realizations (Compared to 2009)

million YTL	Jun-09	Jun-10	Change (%)	Real. Com. to 08 Year-end	Real. Com. to 2009 allow.	Sep-09	Sep-10	Change (%)	Real. Com. to 08 Year-end	Real. Com. to 2009 allow.
Expenditures	**124,831**	**136,494**	**9.34**	**46.54**	**47.56**	**197,169**	**208,827**	**5.91**	**73.51**	**72.77**
1-Primary Expendiutes	**97,589**	**108,935**	**11.63**	**45.39**	**47.32**	**151,657**	**169,544**	**11.79**	**70.53**	**73.64**
Personnel	28,469	31,736	11.48	50.89	52.59	42,597	47,423	11.33	76.14	78.58
Govern. Premiums to Social Security	3,446	5,361	55.56	47.81	48.26	5,139	8,018	56.01	71.30	72.17
Good and Service Purchase	10,699	10,515	-1.71	35.90	41.74	17,325	16,955	-2.13	58.14	67.31
Current Transfers	46,097	51,821	12.42	50.12	50.72	70,205	77,695	10.67	76.33	76.04
Capital Expenditures	4,987	5,462	9.54	24.85	28.86	10,292	12,219	18.73	51.28	64.57
Capital Transfers	1,177	1,401	19.11	27.24	40.87	2,194	2,844	29.67	50.78	82.95
Lending	2,714	2,638	-2.79	47.63	38.22	3,904	4,388	12.39	68.53	63.57
Reserve Approprations	0	0				0	0			
2-Interest Expenditures	**27,242**	**27,559**	1.16	51.21	48.56	**45,512**	**39,283**	**-13.69**	**85.55**	**69.22**
Revenues	**101,626**	**121,065**	**19.13**	**47.17**	**51.13**	**156,358**	**187,538**	**19.94**	**72.57**	**79.20**
1-General Budget Revenues	**98,287**	**116,843**	**18.88**	**47.11**	**50.81**	**151,880**	**181,683**	**19.62**	**72.81**	**79.01**
Tax Revenues	79,083	98,622	24.71	45.86	51.01	125,332	153,789	22.71	72.68	79.55
Enterprise and Property Revenues	7,313	6,302	-13.82	73.51	93.31	8,520	8,258	-3.08	85.64	122.25
Interests, Shares and Fines	9,799	10,060	2.66	42.50	56.46	15,643	15,775	0.85	67.84	88.54
Capital Revenues	1,397	634	-54.63	68.35	5.95	1,450	2,292	58.07	70.91	21.52
Grants and Aids	522	1,121	114.74	64.65	116.23	713	1,435	101.16	88.35	148.79
Collections from Loans	172	104	-39.64	55.13	23.71	222	135	-39.22	71.02	30.76
2-Special Budget Revenues	**2,016**	**2,828**	**40.29**	**40.03**	**57.74**	**2,938**	**4,234**	**44.11**	**58.33**	**86.45**
3-Revenues from Supervisory and Regulatory Agencies	**1,323**	**1,393**	**5.27**	**73.07**	**71.47**	**1,540**	**1,620**	**5.17**	**85.05**	**83.11**
Budget Balance	**-23,205**	**-15,429**	**33.51**	**43.98**	**30.74**	**-40,811**	**-21,289**	**47.83**	**77.35**	**42.42**
Primary Balance	**4,038**	**12,129**	**200.41**	**917.54**	**184.81**	**4,702**	**17,994**	**282.72**	**1068.41**	**274.17**
Program Defined Primary Balance	**-4,258**	**5,085**		**29.68**		**-6,224**	**6,945**		**43.40**	

2010 budget projected total budget expenditures and primary expenditures to be 287 billion TL and 230.2 billion TL, respectively. 2011 Budget Justification estimates that total budget expenditures will stand at 297 billion TL despite the drop in interest expenditures due to the fact that non-interest expenditures in 2010 will exceed the targeted level by 17 billion TL. As the growth estimates for 2010 were revised upwards, the ratio of total budget expenditures to the GDP is expected to drop by 0.9 percent compared to the initial target.

Contrary to the outlook in 2009 where the tax revenues were affected severely by the global crisis, tax revenues are expected to stand 17 billion TL above the target along as the economy re-entered the growth path. The ratio of total revenues to the GDP is kept at the initial target in spite of the privatization revenues that were realized at a level below the initial target. Collection of tax revenues was improved by 0.3 points over the target.

In this context, budget balance has ameliorated whereas primary balance stood below the targets. Program defined balance (open) on the other hand is estimated to improve particularly due to the favorable performance in the collection of tax revenues.

Program defined balance demonstrates a recovery compared to the period after the crisis even though the performance is weaker than the period before the crisis. Concerning the revision in the 2010 GDP, it is estimated that program defined balance will stand approximately 0.1 points below the target.

Table 2. 2010 Central Government Budget Estimates and Revisions

	Million TL		*% Ratio to GDP*	
	Budget	**Budget**	**Budget**	**Budget**
Budget Expenditures	**286,981**	**296,980**	**27.9**	**27.0**
Primary Expenditures	230,231	247,480	22.4	22.5
Budget Revenues	**236,794**	**252,802**	**23.0**	**23.0**
Tax Revenues	193,324	210,168	18.8	19.1
Privatization Revenues	10,649	3,900	1.0	0.4
Budget Balance	**-50,187**	**-44,178**	**-4.9**	**-4.0**
Primary Balance	6,563	5,322	0.6	0.5
Program Defined Balance	-8,547	-7,436	-0.8	-0.7

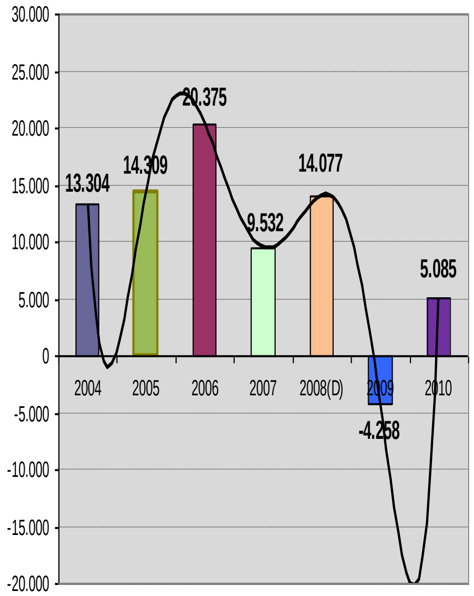
Primary surplus being lower compared to the previous years might in a manner be explained with the possibility that the government seeks to expand the room to maneuver at the eve of the elections.

Real appreciation of the TL, the economy's entering the path of growth and the attractive interest rate for the TL attracts foreign fund inflows, preventing a deterioration in debt dynamics. Therefore, increasing expenditures at the expense of primary surplus currently does not pose the risk of a substantial deterioration in the debt stock as a ratio to the GDP. This situation is expected to prevail until the 2011 elections. However, together with the risk that current account deficit, which has been expanding rapidly but is ignored by the markets at this stage, expands more rapidly than the fiscal policy foresees, potential adverse developments with respect to the public finance must also be taken into account. In this regard, steps to establish fiscal discipline must be expected ass of the second half of the year.

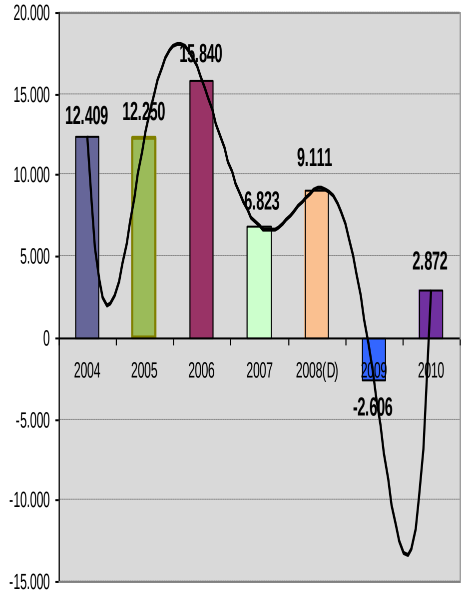
Figure 1. Central Government Budget Program Defined Primary Surplus Realizations (Comparative, 2004-2010 June-September end, Million TL)

June

With current prices

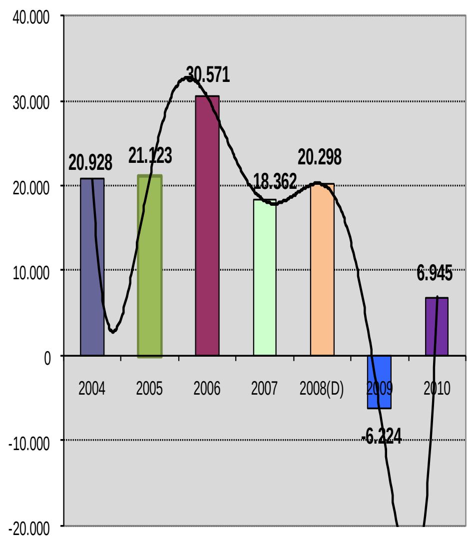


With 2003=100 prices

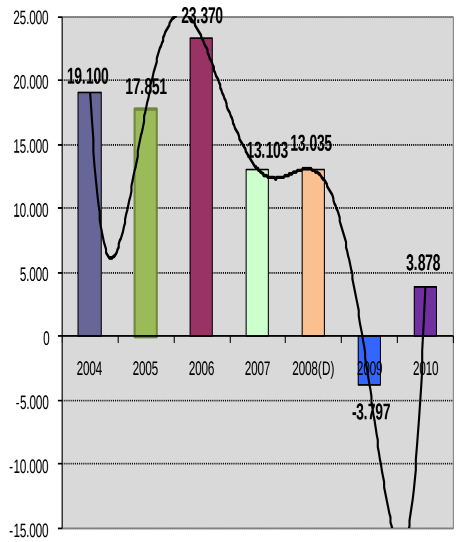


September

With current prices



With 2003=100 prices



2008 (D) indicates that KEY payments are involved in the primary balance.

Table 3. Contribution of Program Defined Non-Budgetary Revenues to Central Government Budget Revenues 2004-2010

	2004	2005	2006	2007	2008	2009	2010 (End of October)
A. Central Government Bugdet Revenues	**109,887**	**134,819**	**171,309**	**189,617**	**208,898**	**215,060**	**206,906**
B. Amount Deducted During the Shift to Program Defined Revenue Balance	**4,780**	**11,974**	**8,651**	**13,322**	**15,914**	**15,180**	**11,361**
B.1 Revenues In form of Privatization		1,779	2,904	6,866	8,889	3,585	2,671
Privatization Revenues		1,779	1,516	5,842	8,889	1,825	2,217
Sale of Immovables				1,024			
Revenues from the GSM Sales						1,761	
Highway Lands and Ports							454
Cash Transfer by TELECOM			1,388				
B.2 Interest Revenues	3,540	8,431	4,267	3,923	4,036	5,003	2,999
B.3 Dividend Income from Public Banks	1,116	1,272	1,377	1,507	1,653	751	794
B.4 Transfers from the Unemployment Fund					1,300	4,141	3,173
B.5 Other Revenues	**124**	**492**	**103**	**1,026**	**36**	**1,699**	**1,724**
C. Program Defined Revenue (A-B)	**105,107**	**122,846**	**162,658**	**176,295**	**192,985**	**199,881**	**195,544**
Deducted Revenues/Total Budget Revenues	**4.3**	**8.9**	**5.0**	**7.0**	**7.6**	**7.1**	**5.5**
% Distribution of Deducted Revenues							
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
B.1 Revenues In form of Privatization	0.0	14.9	33.6	51.5	55.9	23.6	23.5
B.2 Interest Revenues	74.1	70.4	49.3	29.4	25.4	33.0	26.4
B.3 Dividend Income from Public Banks	23.3	10.6	15.9	11.3	10.4	4.9	7.0
B.4 Transfers from the Unemployment Fund	0.0	0.0	0.0	0.0	8.2	27.3	27.9
B.5 Other Revenues	2.6	4.1	1.2	7.7	0.2	11.2	15.2

In the 2004-2010 period, revenues which are not considered as revenues under the program defined balance and recorded as non-budgetary revenues made a large contribution to the improvement in the budget balance. Total share of the non-budgetary items recorded for the program defined balance varied between 4 and 9 percent over the said period. The separate contribution of the said revenue items not considered in the scope of program defined revenue are as follows:

- Between 2005 and 2008 the share of privatization-oriented revenues in the non-budgetary revenues is around 40%. When interest revenues are excluded, the ratio reaches 70%.
- In 2009-2010 period where the impacts of the crisis were more visible, the amount transferred from the unemployment insurance fund under the scope of regulations introduced by several mixed laws constitute

27% of the total. The ratio reaches 40% when interest revenues are excluded.

Therefore, in the examined period non-budgetary revenues, privatization revenues and unemployment insurance fund revenues in particular, have been the main items that determined the improvement in the budget balance. In the case that normal budget revenues, tax revenues in particular, does not increase in the coming periods a possible fall in the said non-budgetary revenues will cause a fiscal pressure.

B. Budget Expenditures

As of the end on June 2010, central government budget expenditures stood at 136.5 billion TL and primary expenditures stood at 108.9 billion TL. The figures increased by 9.3 and 11.6 year-on-year respectively. The rate of realization of the central government budget expenditures on the basis of the 2010 initial budget is 47.6% standing approximately 1% above the level in the same period in the year before.

As of the end of September, central government budget expenditures stood at 208.8 billion TL and primary expenditures stood at 169.5 billion TL. The figures increased by 5.9 and 11.8 year-on-year respectively. The rate of realization of the central government budget expenditures on the basis of the 2010 initial budget is 72.8% standing approximately 1% above the level in the same period in the year before.

Realizations for the first nine months of the year imply that initial appropriation for personnel expenditures might be exceeded by 3-5% with the contribution of the additional appropriation for civil servants and contract employees.

Expenditure on the provision of goods and services decreased year-on-year by 1.7% as of the end of June and by 2.1% as of the end of September. Here the biggest contribution was made by the health expenditures that decreased by 30% as of the end of June and by 25.9% as of the end of September.

One of the major reasons for the decrease in health expenditures is the transfer of treatment costs of civil servants to the social security institution as of 15/1/2010, as was also mentioned in previous reports. Another underlying factor is the seasonal decrease in Green Card expenditures that dropped by 13.5% as of the end of June and by 4.8% as of the end of September. Realization rate of the expenditures on Green Card as of the end of September stood at 69%, 9 points above that in 2009.

Table 4. End of June and September, Comparative Budget Expenditures for 2009 and 2010

(million YTL)	June					September				
	2009	2010	Rate of increase (%)	2009 Realiz. Rate (%)	2010 Realz. Rate (%)	2009	2010	Rate of increase (%)	2009 Realiz. Rate (%)	2010 Realz. Rate (%)
Central Government Budget Expenditures	**124,831**	**136,494**	**9.3**	**46.5**	**47.6**	**197,169**	**208,827**	**5.9**	**73.5**	**72.8**
Excluding Interest	**97,589**	**108,935**	**11.6**	**45.4**	**47.3**	**151,657**	**169,544**	**11.8**	**70.5**	**73.6**
I. Personnel Expenditures	**28,469**	**31,736**	**11.5**	**50.9**	**52.6**	**42,597**	**47,423**	**11.3**	**76.1**	**78.6**
II.Government Premiums to Social Security Agencies	**3,446**	**5,361**	**55.6**	**47.8**	**48.3**	**5,139**	**8,018**	**56.0**	**71.3**	**72.2**
III. Goods and Services Procurements	**10,699**	**10,515**	**-1.7**	**35.9**	**41.7**	**17,325**	**16,955**	**-2.1**	**58.1**	**67.3**
Health Expenditures	3,510	2,459	-30.0	39.9	51.2	5,147	3,812	-25.9	58.5	79.4
Medicine Expenditures	446	150	-66.4	38.9	188.4	672	201	-70.1	58.6	252.0
General Cure and Pharmaceutial Products	781	335	-57.1	36.4	282.8	1,140	437	-61.7	53.2	368.8
Green Card	2,283	1,974	-13.5	41.5	42.9	3,334	3,175	-4.8	60.6	69.0
Defense and Security (Excluding Health)	3,014	3,380	12.2	31.2	37.0	5,693	5,567	-2.2	58.9	61.0
Other Goods and Services	4,175	4,676	12.0	41.2	41.7	6,486	7,577	16.8	66.2	60.8
IV. Current Transfers	**46,097**	**51,821**	**12.4**	**50.1**	**50.7**	**70,205**	**77,695**	**10.7**	**76.3**	**76.0**
Duty Losses	**2,345**	**1,381**	**-41.1**	**56.7**	**32.0**	**2,814**	**2,684**	**-4.6**	**68.0**	**62.3**
Treasury Aid	**27,559**	**30,495**	**10.7**	**48.4**	**48.9**	**44,128**	**46,469**	**5.3**	**77.5**	**74.5**
Treasury Aid to Social Security Agencies	493	622	26.2	48.4	49.6	746	959	28.5	73.3	76.4
Health, Retirement and Social Aid Expenditures	25,722	28,417	10.5	48.8	49.3	41,255	43,112	4.5	78.3	74.7
Social Secuirty Deficit Finance	13,989	14,372	2.7	47.8	45.2	23,716	22,423	-5.5	81.1	70.6
Transfers to non-financial Establishments	**501**	**287**	**-42.7**	**59.4**	**39.5**	**593**	**435**	**-26.7**	**70.3**	**59.9**
Transfers to Households	**612**	**752**	**22.9**	**48.0**	**49.6**	**883**	**1,090**	**23.5**	**69.2**	**71.9**
Agricultural Subsidy	**3,661**	**4,627**	**26.4**	**81.5**	**82.6**	**3,844**	**4,954**	**28.9**	**85.5**	**88.4**
Other Transfers to Households	**327**	**268**	**-18.3**	**31.7**	**23.6**	**570**	**448**	**-21.4**	**55.2**	**39.4**
Social Transfers	**425**	**719**	**69.3**	**41.4**	**45.0**	**715**	**1,150**	**61.0**	**69.6**	**71.9**
Foreign Transfers	**377**	**454**	**20.4**	**52.2**	**44.1**	**531**	**641**	**20.8**	**73.6**	**62.4**
Shares from Revenues	**10,290**	**12,837**	**24.8**	**47.9**	**53.7**	**16,127**	**19,823**	**22.9**	**75.0**	**82.9**
V. Capital Expenditures	**4,987**	**5,462**	**9.5**	**24.8**	**28.9**	**10,292**	**12,219**	**18.7**	**51.3**	**64.6**
VI. Capital Transfers	**1,177**	**1,401**	**19.1**	**27.2**	**40.9**	**2,194**	**2,844**	**29.7**	**50.8**	**82.9**
Domestic Capital Transfers	1,174	1,386	18.1	28.1	43.7	2,173	2,826	30.0	52.0	89.0
Foreign Capital Tansfers	3	15	436.2	2.0	5.9	20	19	-7.1	14.3	7.4
VII. Lending	**2,714**	**2,638**	**-2.8**	**47.6**	**38.2**	**3,904**	**4,388**	**12.4**	**68.5**	**63.6**
Domestic Lending	2,501	2,366	-5.4	49.3	37.6	3,537	3,936	11.3	69.8	62.5
Foreign Lending	213	272	27.9	34.0	45.0	367	452	23.3	58.5	74.8
VIII. Reserve Appropriations	**0**	**0**				**0**	**0**			
Interest Expenditures	**27,242**	**27,559**	**1.2**	**51.2**	**48.6**	**45,512**	**39,283**	**-13.7**	**85.5**	**69.2**

Given that the health expenditures by the Social Security Institution (SSI) increased by 305 in 2010, it is least likely that green card expenditures will decrease in 2010. It is expected that over the next three months green card expenditures will reach above the budget appropriation given the trends in the previous years and the current policy framework about the green card system. In fact on the basis of the interviews with units providing services it is estimated that the initial appropriation has been exceeded as of the end of September 2010. Similarly in 2009 almost 40% of total green card expenditures were realized over the last three months of the year and 25% the expenditures were realized in December 2009.

Defense and security expenditures increased by 12.2 and 15.8% as of the end of June and September, respectively. Expenditures for the provision of other goods and services rose by 12.5 and 17.2% as of the end of June and September, respectively.

Realizations for the first nine months of the year suggest that under the said item health expenditures – green card expenditures in particular – and operational expenditures institutions employ to fulfill public services under the other item (excluding health and defense and security expenditures) will stand above the budget appropriation as was the case in the previous years. Fiscal Monitoring Report that assessed the Central Government Budget for 2009 July-August-September and 2010 Central Government Budget (issued in October 2009) had emphasized that budget appropriations for the provision of goods and services are not realistic.

Current transfers increased by 12.4 and 10.7% as of the end of June and September, respectively. The underlying factors are as follows:

—Agricultural transfers increased by 26.4 and 28.9% as of the end of June and September, respectively. Agricultural subsidies have been backdated compared to the year before.

—Shares allocated from revenues decreased by 24.8 and 22.9% as of the end of June and September, respectively in line with the rise in tax revenues. The fall in the pace of increase in tax revenues witnessed in the recent months played a major role in the decrease in the pace of increase in the shares allocated from the revenue.

—Deficit finance for the social security institution grew by 2.7% as of the end of June and decreased by 5.5% as of the end of September. This fall stemmed mainly from the transfers carried out in September 2010 to finance SSI's deficit. The contribution of the state to social security increased by 34.2 and 36.9% as of the end of June and September 2010, respectively. This increase in state's contribution improved SSI's revenues, limiting the transfers to finance SSI's deficit. Total transfers from the budget for health, retirement and social assistance increased by 10.5 and 4.5 percent as of the end of June and September, respectively.

Duty losses decreased by 41.1% as of the end of June and by 4.6% as of the end of September. Here the 82.9% and 63% decrease in duty losses by financial institutions in June and September, respectively as well as 36.6% decrease in SEE's duty losses as of the end of June played the major roles.

As of the end of September, duty losses of SEEs increased by 14.9% year-on-year. As the Table below formed on the basis of economic coding suggests, energy SEEs such as Turkish Electricity Distribution Company (TEDAŞ) and Turkish Coal Enterprises (TKİ) and State Railways have increased by more than 100% underlying the substantial rise in overall duty losses.

Over the examined period duty loss for Turkish Grain Board decreased considerably.

Table 5. Duty Loss by SEEs for 2009-2010 June-September Month-End *

(Thousand TL)

	End of June			End of September		
	2009	2010	Change (%)	2009	2010	Change (%)
SEEs Duty Loss	1.864.252	1.191.072	-36,1	1.963.036	2.255.827	14,9
State Railways	20.500	21.531	5,0	81.650	251.531	208,1
Turkish Grain Board	1.438.863	500.000	-65,3	1.438.863	775.180	-46,1
Electricity Dist. Co.	0	295.381		0	705.338	
Turkish Coal Co.	216.000	341.617	58,2	252.000	462.400	83,5

*Formed on the basis of economic coding details.

Capital expenditures elevated by 9.5 and 18.7% as of the end of June and September, respectively. Different than the year before, September-end realization rate in comparison with the initial budget showed a substantial increase and stood at 65%.

It is expected that the 2011 programme will declare capital expenditures in 2010 at 28.7 billion TL with a 51% upwards revision compard to the initial budget. In the context of this revision it is planned to provide appropriations of 16.5 bilion TL to investor institutions, predominantly the State Highways and State Hydraulic Works. In fact, while we are of opinion that a substantial proportion of these expenditures were made at or before September 2010, the accrual of expenditures was executed after September.

Expenditures beyond the appropriation under many expenditute items as well as suspensions in a number of expenditure items and similar practices in the previous years are evaluated in the following sections of the report in the context of Court of Accounts' findings and assessments. Implementation Results Report annexed to the Court of Accounts General Statement of Conformity 2009 in this respect can shed light on the implementation practices in 2010 (please see section 4).

Capital transfers increased by 19.1 and 29.7% as of the end of June and September, respectively. This stems mainly from the financial support provided to the KÖY-DES project. The level of transfers carried out in the scope of the said project increased year on year by 162.5% standing at 1.1 million TL, 0.5 million TL above the initial appropriation, as of the end of September. Over the same period TUBITAK R&D appropriation under the capital transfers item decreased by 28.2%.

As of the end of June 2010, employment registered at SSI increased by 5.3% and premium revenues elevated by 25.8%. Over the same period contribution to the SSI by central government budget rose by 38% giving way to a 20.1% overall increase in the total revenues of the SSI.

Table 6. Change in Employment Registered at the SSI, June-September

	2009 (June)	2010 (June)	Change (%)	2009 (August)	2010 (August)	Change (%)
Service Contact*	8,674,726	9,604,589	10.7	9,013,349	9,976,855	10.7
Self-employed	3,051,391	2,888,898	-5.3	2,837,520	2,935,390	3.4
Public employees	2,271,485	2,250,200	-0.9	2,248,048	2,244,534	-0.2
Total	**13,997,602**	**14,743,687**	**5.3**	**14,098,917**	**15,156,779**	**7.5**

*The previous month

Source: SSI Financial Statistics Bulletin (Retrieved on November 2010)

As of the end of September 2010, employment registered at SSI increased by 7.5% and premium revenues increased by 39.1%. In the same period, the contribution by the central government budget rose by 58.9% as a result of which total revenues increased by 35.4%.

Total expenditures of the SSI increased by 14.2 and 29.5% as of the end of June and September, respectively. Here the seasonal elevation in health expenditures played the major role. As of the end of June health expenditures increased by 9.5% and as of the end of September by 27.1%. Such a substantial rise in health expenditures requires justification given the period and season it takes place in particular. This development once again brigns to agenda the expenditures suspended from the year before, as was discussed also in previous reports.

Here only a limited assessment can be made since different than previous years the SSI did not announce detailed information on health expenditures in 2010. The details of the health expenditures for June 2010 are present at the below table as were retrieved in preceding months. By November, details on the health expenditures for June, which were already announced before seems to have neen removed from the web page. In line with the data schedule announced by the SSI, information on the health expenditures in 2010 is expected soon. It will be possible to evaluate the underlying causes of this substantial rise in SSI's health expenditures.

Despite the improvements in the revenues, SSI balance improved slightly by 1.4% at the end of June and deteriorated by 14.4% at the end of September particularly due to the rise in health expenditures.

Table 7. Balance of the Social Security Institution (million TL)

BUDGET ITEMS	June			January-June			August			January-August		
	2009	2010	Change (%)	2009	2010	Change (%)	2009	2010	Değişim (%)	2009	2010	Change (%)
I-REVENUES	**6,043**	**8,134**	**34.59**	**37,464**	**44,987**	**20.08**	**5,786**	**7,528**	**30.11**	**49,850**	**67,492**	**35.39**
1- PREMIUM REVENUES	4,118	5,276	28.11	24,689	31,053	25.78	4,253	5,677	33.49	33,462	46,568	39.17
2- RESTRUCTURING	198	0		1,009	149	-85.19	121	0		1,285	236	-81.67
3- STATE CONTRIBUTION	926	1,250	35.04	5,440	7,505	37.96	537	1,200	123.32	7,308	11,610	58.86
4- ADDITIONAL PAYMENTS	234	263	12.03	1,420	1,610	13.38	242	267	10.57	1,919	2,430	26.59
5- INVOICED PAYMENT	409	954	133.54	3,101	3,410	9.97	490	110	-77.55	3,796	4,034	6.27
6- OTHER REVENUES	158	391	147.52	1,805	1,259	-30.27	143	274	91.48	2,080	2,615	25.75
II-EXPENDITURTES	**8,947**	**10,184**	**13.82**	**51,539**	**58,859**	**14.20**	**8,596**	**10,534**	**22.54**	**69,427**	**89,878**	**29.46**
1- RETIREMENT PAYS	5,435	6,345	16.73	32,906	38,384	16.65	5,433	7,139	31.41	44,470	58,525	31.61
2- PAY. AS PER NO 5510 LAW	49	54	8.98	286	310	8.20	49	70	43.84	387	447	15.47
3- ADDITIONAL PAYMENTS	235	267	13.93	1,431	1,629	13.79	241	302	25.37	1,941	2,485	28.06
4- HEALTH EXPENDITURES (inc.travel pay)	2,496	2,684	7.53	14,190	15,541	9.52	2,456	2,710	10.35	19,166	24,362	27.11
HEALTH EXPENDITURES (excl.travel pay)	2,491	2,684	7.73	14,164	15,537	9.70	2,451	2,710	10.55	19,131	24,356	27.31
4.1- MEDICINE EXPENDITURES	1,156	1,131	-2.16	6,322	6,322	0.00						
4.2- CURE EXPENDITURES	1,294	1,517	17.18	7,560	9,017	19.26						
4.2.1- PUBLIC HOSPITALS	651	764	17.39	4,051	4,918	21.39						
4.2.2- UNIVERSITY HOSPITALS	225	308	37.05	1,224	1,674	36.76						
4.2.3- PTIVATE HOSPITALS	419	445	6.19	2,285	2,425	6.12						
4.3- TRAVEL PAYS	4	0		26	3	-87.31						
4.4- OTHER EXPENDITURES	40	35	-12.18	282	199	-29.35						
5- INVOICED PAYMENTS	604	642	6.27	1,897	1,958	3.23	320	117	-63.34	2,360	2,525	6.99
6- ADMINISTRATION	62	48	-22.88	374	306	-18.32	65	66	1.52	504	481	-4.57
7- INVESTMENT	6	14		23	54	130.04	6	14		36	52	43.92
8- OTHER EXPENDITURES	60	130	117.92	432	678	56.96	25	114	350.96	563	1,001	77.70
III- BALANCE	**-2,904**	**-2,050**	**29.40**	**-14,075**	**-13,872**	**1.44**	**-2,810**	**-3,006**	**-6.96**	**-19,577**	**-22,385**	**-14.35**
IV- BUDGET TRANSFERS	**4,736**	**5,839**	**23.27**	**25,822**	**28,577**	**10.67**	**3,977**	**4,085**	**2.73**	**34,900**	**42,031**	**20.43**
1- FOR DEFICIT	2,930	3,047	3.99	14,089	14,327	1.69	2,405	2,183	-9.23	19,544	21,275	8.86
2- STATE CONTRIBUTION	926	1,250	35.04	5,440	7,505	37.96	537	1,200	123.32	7,308	11,610	58.86
3- FOR ADDITIONAL PAYMENT	234	263	12.03	1,420	1,610	13.38	242	267	10.57	1,919	2,430	26.59
4- FOR INVOICED PAYMENTS	409	954	133.54	3,101	3,410	9.97	490	110	-77.55	3,796	4,034	6.27
5-INCENTIVES	238	325	36.63	1,772	1,725	-2.65	303	325	7.38	2,333	2,682	14.98

Source: SSI Financial Statistics Bulletin (Retrieved in September 2010)

The new social security law and the policies introduced in 2009 to mitigate the effects of the global crisis have led to a considerable increase in the funds transferred to the social security institution. As frequently emphasized in the previous report, this increase has caused the elevation of the social security costs associated with employment. The funds transferred to SSI as a ratio to the GDP increased from 3.7% in 2008 to 5.5% in 2009. Transfers to finance the SSI deficit similarly increased from 2.6% in 2008 to 3.1% in 2009. Transfers apart from those executed to finance deficits have elevated at even higher rates. These transfers increased from 1% in 2008 to 2.5% in 2009 as a ratio to the GDP.

Table 8. Transfers from the Budget to the Social Security Institution (million TL)

	million TL				Ratio to GDP		
	2007	2008	2009	2010 (September)	2007	2008	2009
Budget	33,063	35,133	52,685	43,112	3.9	3.7	5.5
SSI Deficit Finance	25,823	25,850	29,249	22,423	3.1	2.7	3.1
Other SSI Finance	7,240	9,284	23,435	20,689	0.9	1.0	2.5
State Contribution		1,718	11,084	11,100	0.0	0.2	1.2
Additional Payment	2,298	2,589	2,923	2,454	0.3	0.3	0.3
Invoiced Payments	4,942	4,976	5,908	4,425	0.6	0.5	0.6
Insurance Premium Cuts			3,521	2,710			0.4
SGK		35,016	52,600	43,317		3.7	5.5
Budget Transfer for Deficit Finance		25,689	29,369	22,423		2.7	3.1
Other Bugdet Finance		9,327	23,230	20,894		1.0	2.4
State Contribution		1,719	10,879	11,305		0.2	1.1
Additional Payment		2,589	2,923	2,454		0.3	0.3
Invoiced Payments		5,019	5,908	4,425		0.5	0.6
Insurance Premium Cuts			3,521	2,710			0.4

Similarly, payments financed through the unemployment insurance fund elevated in this period. Total unemployment benefit payments increased more than 100% in 2009 reaching 1.1 billion TL.

Consequently, in 2009 social security system shouldered 1.5 points of burden as a ratio to GDP. Though eased in 2010, the burden still remains at high levels.

Table 9. Unemployment Insurance Fund Payments (million TL)

million TL

	Unemployment Payment	Wage Guarantee Fund	Other Payments *	Total
2007	352	4	49	404
2008	517	1	1,422	1,940
2009	1,114	22	4,886	6,023
2010 (Sept)	623	20	3,508	4,151

* The rise rise was determined by the amounts transferred to the central government budget in 2009 and 2010. In average, 85% of the payments under this item was transferred to the budget.

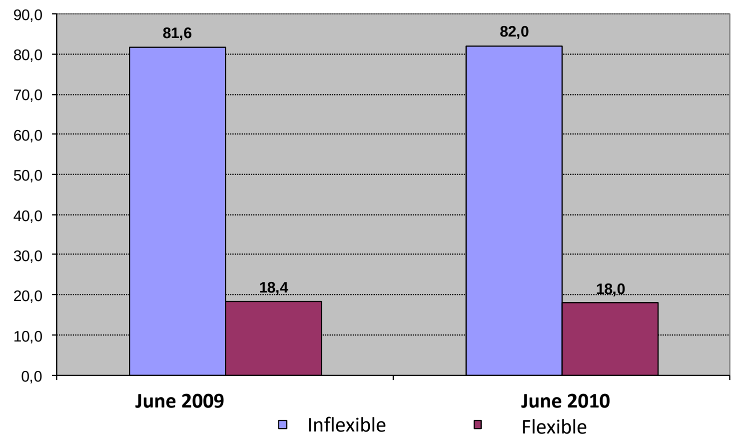
Concerning the individual contribution of primary budget expenditures, that of current expenditures and current transfers gave decreased while that of caoital transfers and capital expenditures has increased.

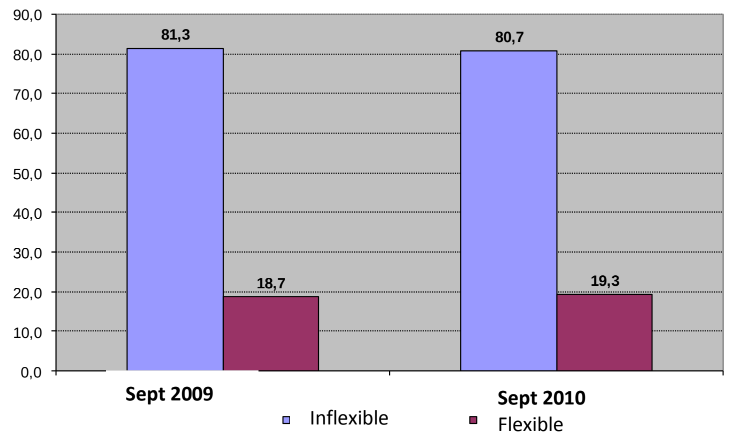
Table 10. Contribution of Primary Budget Expenditure Items to the Overall Increase in Primary Budget Expenditures, June-September

	June		September	
	Contribution to Rate of Increase	(%) Change	Contribution to Rate of Increase	(%) Change
Primary Expenditures	**11.6**	**100.0**	**11.8**	**100.0**
Current Expenditures	**5.1**	**44.1**	**4.8**	**41.0**
Personnel	3.3	28.8	3.2	27.0
Government Premiums to SSAs	2.0	16.9	1.9	16.1
Goods and Services Purchases	-0.2	-1.6	-0.2	-2.1
Health	-1.1	-9.3	-0.9	-7.5
Defense and Security	0.4	3.2	-0.1	-0.7
Current Transfers	**5.9**	**50.4**	**4.9**	**41.9**
Treasury Aid to Social Security Agencies.	0.1	1.1	0.1	1.2
Health, Retirement and Social Aid Expenditures	2.8	23.8	1.2	10.4
Agricultural Transfers	1.0	8.5	0.7	6.2
Shares from Revenues	2.6	22.4	2.4	20.7
Capital Expenditures	**0.5**	**4.2**	**1.3**	**10.8**
Capital Transfers	**0.2**	**2.0**	**0.4**	**3.6**
Other	**-0.1**	**-0.7**	**0.3**	**2.7**

The share of flexible expenditures increased by 1.3 points to 19.3% from June to September due to the increase in capital expenditures and capital transfers.

Figure 2. Change in the Share of Flexible and Inflexible Expenditures in the Budget Expenditure (End of June-September 2009 - 2010)





C. Budget Revenues

Central government budget revenues increased by 19.1% year-on-year as of the end of June 2010. Tax revenues recovered by 25% whereas enterprises and property income decreased by 13.8%. In the examined period capital revenues dropped by 54.6% along with the fall in privatization revenues.

As of the end of September central government budget revenues increased year-on-year by 19.9%. In the examined period tax revenue collection elevated by 22.7% while enterprises and property income decreased by 3.1%. In September capital revenues improved by 58.1% thanks to the sales revenue of 771 thousand TL.

Increase in the collection of indirect tax – VAT and SCT in particular – and of Corporations Tax under the direct taxes enabled such a considerable increase in tax revenues.

Although the collection of tax revenues slowed down in the recent months due to the change in the basis effect of the previous year, it is seen that collection of some tax types increased high above the average while some others such as the income withholding tax stood quite below the average. Besides, the overall rate of increase higher than 20% corresponds to an impressive performance for the given period. We expect that in the next quarter the rate of increase in tax reveues will further along with the basis effect to be created as a result of the measures implemented in the previous year.

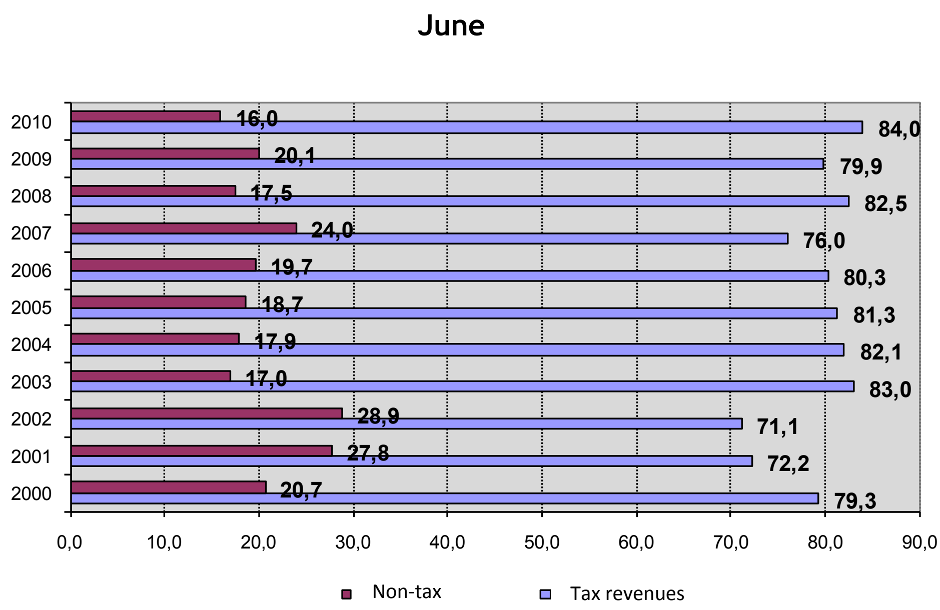
Table 11. Central Government Budget Revenues (June-September)

(million YTL)	June			September		
	2009	2010	Rate of Change (%)	2009	2010	Rate of Change (%)
Central Government Revenues	**101,626**	**121,065**	**19.13**	**156,358**	**187,538**	**19.94**
General Budget Revenues	**98,287**	**116,843**	**18.88**	**151,880**	**181,683**	**19.62**
I-Tax Revenues	**79,083**	**98,622**	**24.71**	**125,332**	**153,789**	**22.71**
1. Taxes on Income, Profits and Capital Gains	**26,097**	**29,392**	**12.62**	**40,549**	**44,829**	**10.55**
a) Income Tax	**18,972**	**19,316**	**1.81**	**28,497**	**29,876**	**4.84**
Based on Deduction	17,215	**17,341**	0.73	25,631	**26,744**	4.34
b) Corporation Tax	**7,125**	**10,076**	**41.41**	**12,053**	**14,953**	**24.06**
Provisional Tax	6,646	9,516	43.18	11,507	14,269	24.01
2. Taxes on Property	**2,245**	**2,682**	**19.51**	**4,094**	**4,763**	**16.33**
b) Motor Vehicles Tax	2,157	2,575	19.37	3,985	4,628	16.13
3. Domestic Taxes on Goods and Services	**33,335**	**41,890**	**25.66**	**53,510**	**66,832**	**24.90**
a) Domestic VAT	**9,517**	**12,278**	**29.01**	**15,202**	**19,513**	**28.36**
b) Special Consumption Tax	**19,305**	**25,637**	**32.80**	**31,664**	**41,253**	**30.28**
c) Banking and Insurance Transactions Tax	**2,158**	**1,798**	**-16.65**	**3,130**	**2,693**	**-13.94**
d) Gambling Tax	**219**	**224**	**2.27**	**299**	**314**	**5.00**
e) Special Communication Tax	**2,137**	**1,952**	**-8.63**	**3,216**	**3,059**	**-4.89**
4. Taxes on International Trade and Transactions	**12,865**	**17,996**	**39.89**	**20,435**	**27,892**	**36.49**
b) VAT on Imports	11,661	16,487	41.39	18,595	25,530	37.29
5. Stamp Duties	**2,035**	**2,512**	**23.44**	**3,022**	**3,714**	**22.91**
6. Fees	**2,272**	**3,586**	**57.83**	**3,436**	**5,170**	**50.44**
7. Other Taxes Not Elsewhere Classified	**234**	**564**	**140.66**	**285**	**591**	**107.04**
II-Property Income	**7,313**	**6,302**	**-13.82**	**8,520**	**8,258**	**-3.08**
III-Grants and Aids and Special Revenues	**522**	**1,121**	**114.74**	**713**	**1,435**	**101.16**
IV-Interests, Shares and Fines	**9,799**	**10,060**	**2.66**	**15,643**	**15,775**	**0.85**
1.Interests	2,488	1,801	-27.63	4,095	3,317	-18.99
V-Capital Revenues	**1,397**	**634**	**-54.63**	**1,450**	**2,292**	**58.07**
VI-Collections from Loans	**172**	**104**	**-39.64**	**222**	**135**	**-39.22**
Revenues from Special Budget Institutions	**2,016**	**2,828**	**40.29**	**2,938**	**4,234**	**44.11**
Revenues from Regulatory and Supervisory Instituti	**1,323**	**1,393**	**5.27**	**1,540**	**1,620**	**5.17**

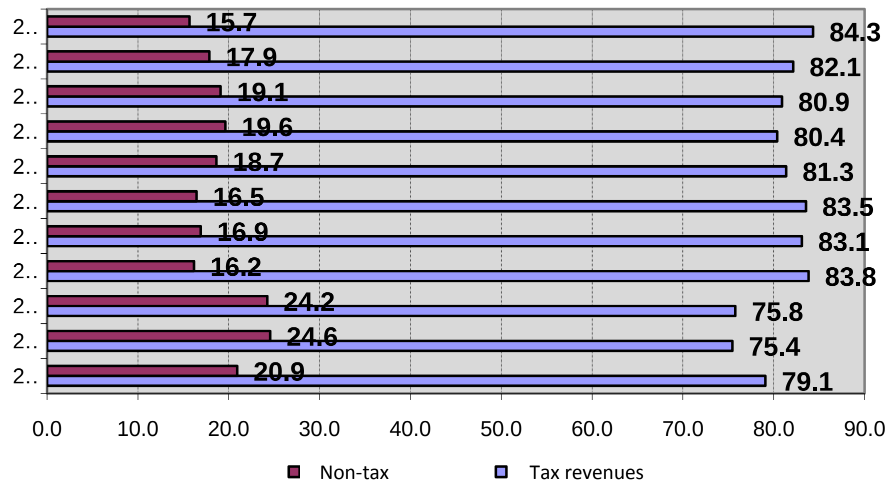
In 2009, as the year where the impacts of the crisis were felt to the highest extent, collection of tax revenues dropped substantially due to both the economic contraction and tax cuts (introduced in the first half of the year) and the failure of taxpayers to fulfill their tax obligations. In 2010, however, with the impact of the basis effect, collection of tax revenues increased by more than 20% year-on-year. As previous reports stressed, we argue that this improvement of the tax collection performance in part stems from nonrecurring measures that cannot be explained with the current circumstances, the performance of the tax administration or the basis effect.

84% of the total general budget revenues as of the end of September originated from tax revenues. This corresponds to the highest share since 2000.

Figure 3. The Share of tz Revenues and Non-tax Revenues in Overall General Budget Revenues (End of June-September, %)



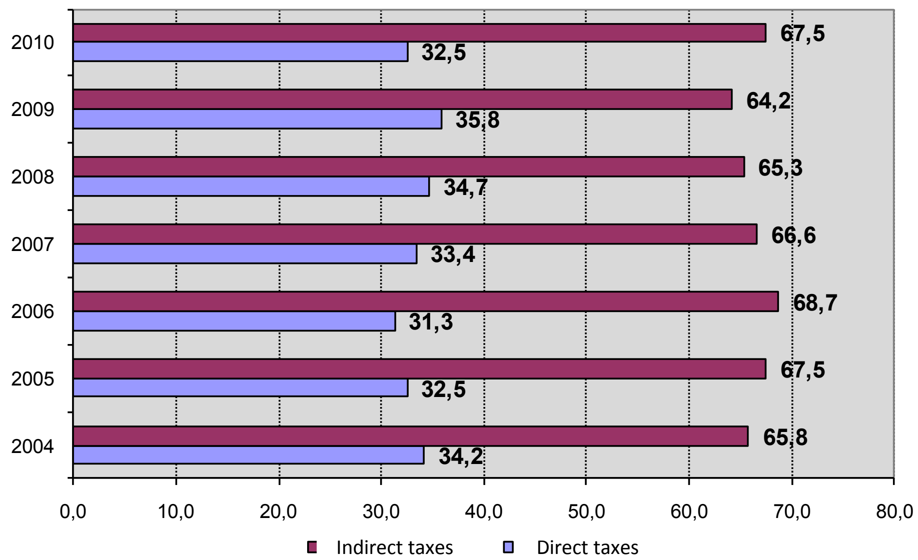
September



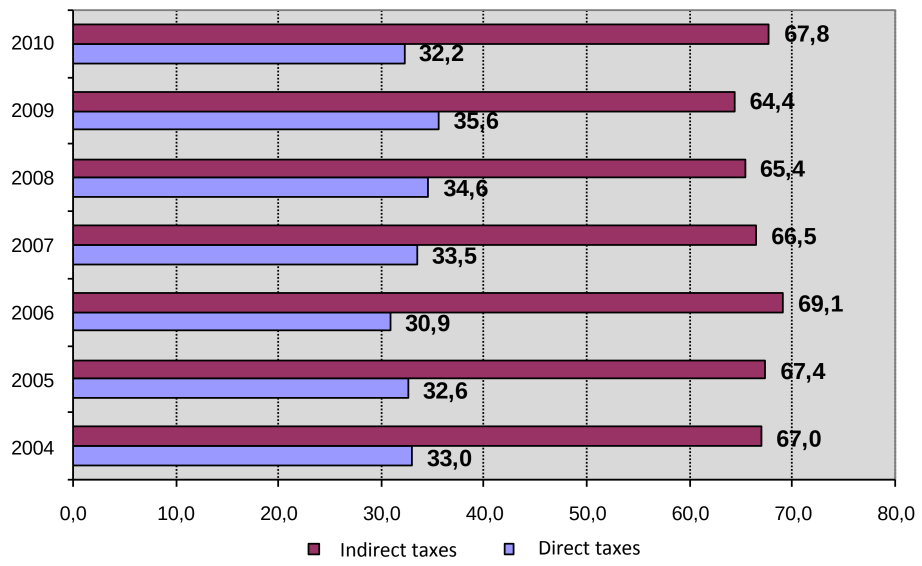
The improvement in the tax collection performance mainly stemmed from the increase in indirect taxes due to which the share of indirect taxes in total tax revenues reached 67.5% and 67.8% as of the end of June and September, respectively.

Figure 4. ***Shares of Direct and Indirect Taxes in 2004 - 2009 End of June and September General Budget Tax Revenue Collection (%)***

June



September



The collection of tax revenues by specific tax items can be analyzed more clearly when figures are used net of inflation. As of the end of the first half of the year, total revenues and tax revenues increased by 9.9% and 15.7% in real terms, respectively. The figures as of the end of the first nine months of the year are 9.8% and 12.3%.

The major determinants of the improvement were the real increase in the collection of VAT on imports, SCT and Corporations Tax which increased by more than 15%. On the other hand, income tax collection of which was negative in real terms was the main item that limited the real increase in tax collection. Foreign trade and current account balances that deteriorated due to the rise in imports translated into a positive effect on the budget as an improvement in collection of the taxes on imports.

When the collection of direct and indirect taxes on imports are subtracted from the total tax revenues, the rise in tax revenues decrease to 18-20% in nominal terms and to 8-10% in real terms as of the end of September.

Table 12.Real Increase in General Government Budget Tax Revenues (Net of inflation) (2010/2009)

	2010 Jan-Jun (tho. YTL)	2009 Jan-Jun (Tho YTL)	Change (%)	Real Change (%)	2010 Jan-Sep (tho. YTL)	2009 Jan-Sep (Tho YTL)	Change (%)	Real Change (%)
Central Government Revenues	**121,064,805**	**101,626,268**	**19.13**	**9.93**	**187,537,705**	**156,358,086**	**19.94**	**9.80**
General Budget Revenues	**116,843,307**	**98,286,792**	**18.88**	**9.70**	**181,683,270**	**151,879,529**	**19.62**	**9.51**
I-Tax Revenues	**98,622,158**	**79,083,322**	**24.71**	**15.07**	**153,789,299**	**125,332,103**	**22.71**	**12.33**
Taxes on Income, Profit and Capital Gains	**29,391,512**	**26,097,199**	**12.62**	**3.92**	**44,829,012**	**40,549,365**	**10.55**	**1.20**
Income Tax	**19,315,781**	**18,972,228**	**1.81**	**-6.05**	**29,876,004**	**28,496,787**	**4.84**	**-4.03**
Based on Decleration	1,179,632	1,058,357	11.46	2.85	2,006,678	1,853,600	8.26	-0.90
Lump-sum	186,591	172,856	7.95	-0.39	224,458	213,489	5.14	-3.76
Witholding Tax	17,341,003	17,214,702	0.73	-7.05	26,744,379	25,631,370	4.34	-4.48
Provisional Tax	608,555	526,313	15.63	6.70	900,489	798,328	12.80	3.26
Corporation Tax	**10,075,731**	**7,124,971**	**41.41**	**30.49**	**14,953,008**	**12,052,578**	**24.06**	**13.57**
Based on Decleration	452,818	357,178	26.78	16.98	511,996	375,509	36.35	24.81
Witholding Tax	107,068	121,776	-12.08	-18.87	171,591	170,250	0.79	-7.74
Provisional Tax	9,515,845	6,646,017	43.18	32.12	14,269,421	11,506,819	24.01	13.52
Tax on Property	**2,682,452**	**2,244,532**	**19.51**	**10.28**	**4,762,587**	**4,094,207**	**16.33**	**6.49**
Inheritance and Gift Taxes	**107,490**	**87,319**	**23.10**	**13.59**	**135,007**	**109,548**	**23.24**	**12.82**
Motor Vehicles Taxes	**2,574,962**	**2,157,213**	**19.37**	**10.15**	**4,627,580**	**3,984,659**	**16.13**	**6.31**
Domestic Goods and Services Taxes	**41,889,902**	**33,335,211**	**25.66**	**15.96**	**66,832,045**	**53,510,431**	**24.90**	**14.33**
Domestic VAT	**12,278,152**	**9,516,895**	**29.01**	**19.05**	**19,513,452**	**15,201,646**	**28.36**	**17.51**
Special Consumption Tax	**25,637,350**	**19,305,074**	**32.80**	**22.54**	**41,252,937**	**31,664,443**	**30.28**	**19.26**
SCT on Petroleum and Natural Gas	14,425,769	11,179,319	29.04	19.07	23,275,840	18,532,323	25.60	14.97
SCT on Motor Vehicles	2,244,821	1,432,915	56.66	44.56	3,814,090	2,256,682	69.01	54.72
SCT on Coke, Alcoholic Bev. & Tobacco Prod.	8,266,671	6,379,284	29.59	19.58	13,107,876	10,331,361	26.87	16.14
SCT on Durable Goods and Others	700,089	313,556	123.27	106.03	1,055,131	544,077	93.93	77.53
Bankinga and Insurance Transaction Tax	**1,798,371**	**2,157,676**	**-16.65**	**-23.09**	**2,693,254**	**3,129,548**	**-13.94**	**-21.22**
Other Taxes on Goods and Services	**2,176,029**	**2,355,566**	**-7.62**	**-14.76**	**3,372,402**	**3,514,794**	**-4.05**	**-12.17**
Taxes on International Trade and Transactions	**17,996,213**	**12,864,979**	**39.89**	**29.08**	**27,891,550**	**20,434,900**	**36.49**	**24.94**
Customs Duties	1,476,999	1,181,695	24.99	15.34	2,305,024	1,803,752	27.79	16.98
VAT on Imports	16,487,056	11,660,675	41.39	30.47	25,529,730	18,595,038	37.29	25.68
Other Taxes on International Trade and Trans.	32,158	22,609	42.24	31.25	56,796	36,110	57.29	43.98
Stamp Duties	**2,511,606**	**2,034,736**	**23.44**	**13.90**	**3,713,908**	**3,021,587**	**22.91**	**12.52**
Fees	**3,586,483**	**2,272,313**	**57.83**	**45.64**	**5,169,592**	**3,436,356**	**50.44**	**37.71**
Other Taxes Not Elsewhere Classified	**563,990**	**234,352**	**140.66**	**122.07**	**590,605**	**285,257**	**107.04**	**89.53**

Table 13. 2009-2010 June Month End Budget Tax Revenue Realizations and Contribution to the Rise in Revenues

million YTL	June 2010	June 2009	Rate of increase (%)	Cont. To rate of increase (%)	September 2010	September 2009	Rate of increase (%)	Cont. To rate of increase (%)
Tax Revenues	**98,622**	**79,083**	**24.7**	**100.0**	**153,789**	**125,332**	**22.7**	**100.0**
Taxes on Income, Profits and Capital Gains	**29,392**	**26,097**	**12.6**	**16.9**	**44,829**	**40,549**	**10.6**	**15.0**
Income Tax Collection	17,341	17,215	0.7	0.6	26,744	25,631	4.3	3.9
Provisional Corporation Tax	9,516	6,646	43.2	14.7	14,269	11,507	24.0	9.7
Special Consumption Tax	**25,637**	**19,305**	**32.8**	**32.4**	**41,253**	**31,664**	**30.3**	**33.7**
SCT on Petroleum and Batural Gas	14,426	11,179	29.0	16.6	23,276	18,532	25.6	16.7
Coke, Alcoholic Beveragges and Tobacco Prod.	8,267	6,379	29.6	9.7	13,108	10,331	26.9	9.8
VAT Collection	**28,765**	**21,178**	**35.8**	**38.8**	**45,043**	**33,797**	**33.3**	**39.5**
VAT on Imports	16,487	11,661	41.4	24.7	25,530	18,595	37.3	24.4
Domestic VAT	12,278	9,517	29.0	14.1	19,513	15,202	28.4	15.2
Other Taxes	**14,828**	**12,503**	**18.6**	**11.9**	**22,664**	**19,322**	**17.3**	**11.7**
Stamp Duties	2,512	2,035	23.4	2.4	3,714	3,022	22.9	2.4
Fees	3,586	2,272	57.8	6.7	5,170	3,436	50.4	6.1
Banking and Insurance Transaction Tax	1,798	2,158	-16.7	-1.8	2,693	3,130	-13.9	-1.5

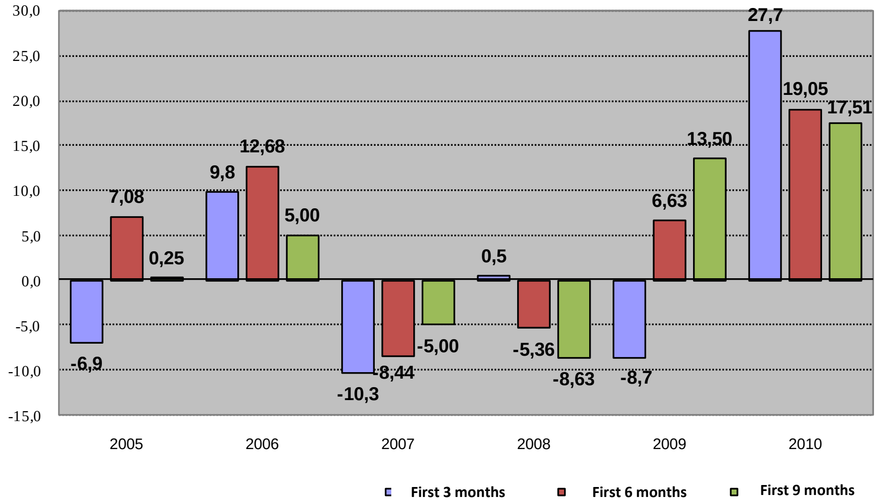
Negative sign implies an increase and positive sign implies a decrease. As tax revenues falls down in general, positive sign implies a positive contribution to the rise in tax revenues.

The biggest contribution to the increase in tax revenue collection was made by VAT collections with a share of 39.5% by the end of September. Together with the collection of SCT the share exceeds 70%. The determinant factors here are believed to be the increase in the rate of SCT on oil and tobacco products as introduced in the second half of the year before and the improvement in energy SEEs' performance in fulfillinf tax liabilities.

Below, the improvement in the tax revenue collection performance is analyzed on the basis of certain tax items:

The real increase in domestic VAT, which reached as high as 30% earlier this year, tended downwards to 17% particularly as of the second half of the year. However, the increase in the VAT collection – 17% in real terms and 28% in nominal terms – corresponds to an impressive performance in the face of the current circumstances and developments.

Figure 5. Real Increase in the Collection of Domestic VAT (%)



Total SCT collection showed a downwards trend by the end of September whereas increased by 19.3% in total in real terms because of the increase in imports. Real increase in the SCT accrual was similar to the collection.

When the sub-items of the SCT revenues are examined, it is believed that part of the amount collected for oil and gas products in 2010 corresponded to the residual collections for the previous years. In this context we presume that the increase in both the SCT and the VAT collections was due to nonrecurring effects.

Figure 6. Real Increase in the Collection of Special Consumtion Tax (%)

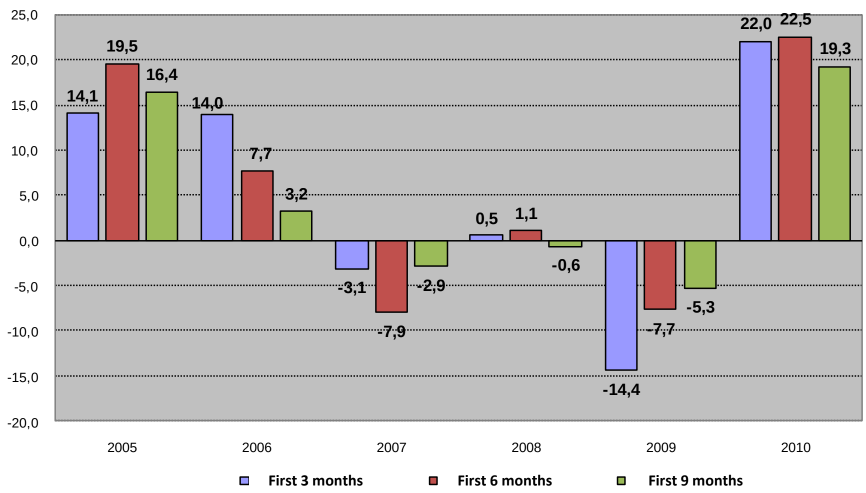
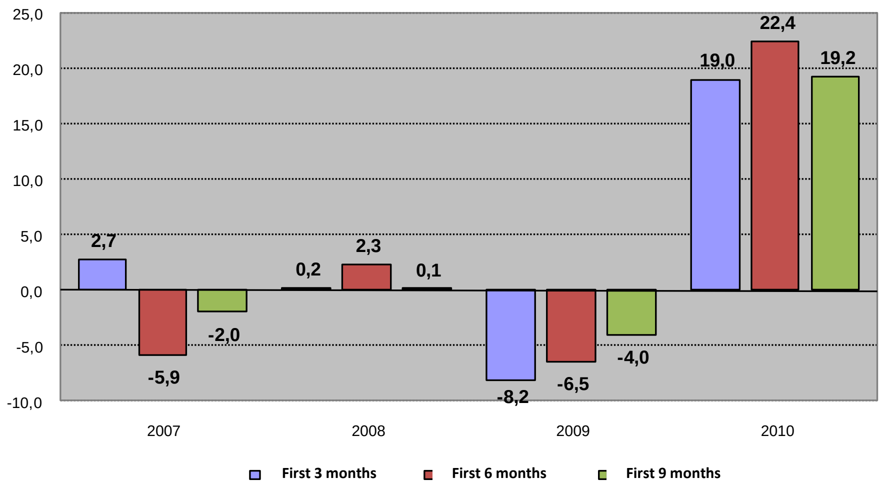


Figure 7. Real Increase in the Accrual of Special Consumtion Tax (%)



Due to the decrease witnessed in the third quarter, collection of taxes on durable goods, being a sub-item of the SCT, decreased from 100% to 77.5%.

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

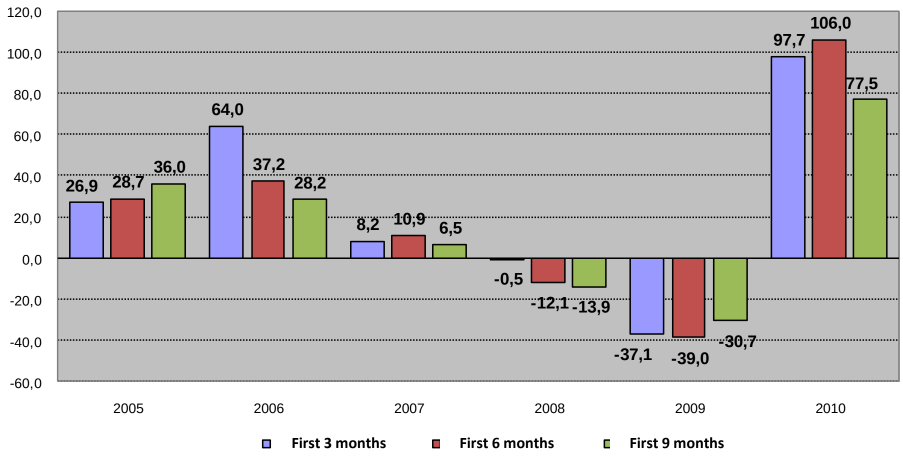
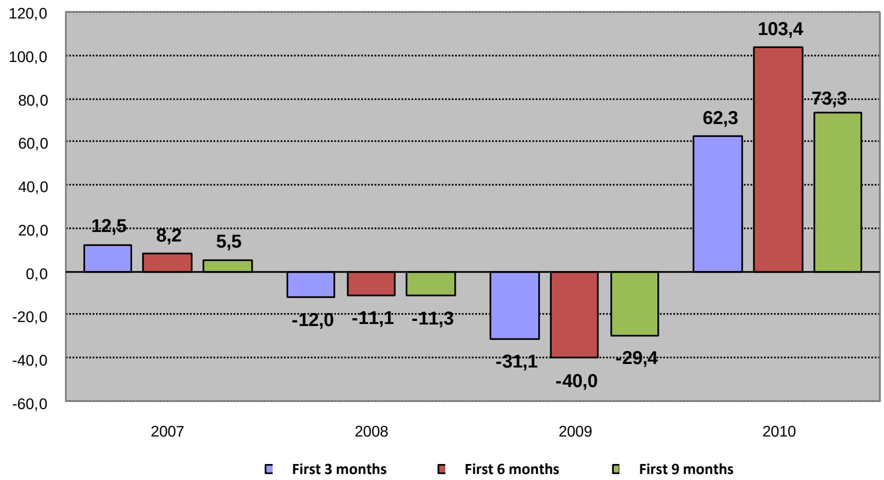
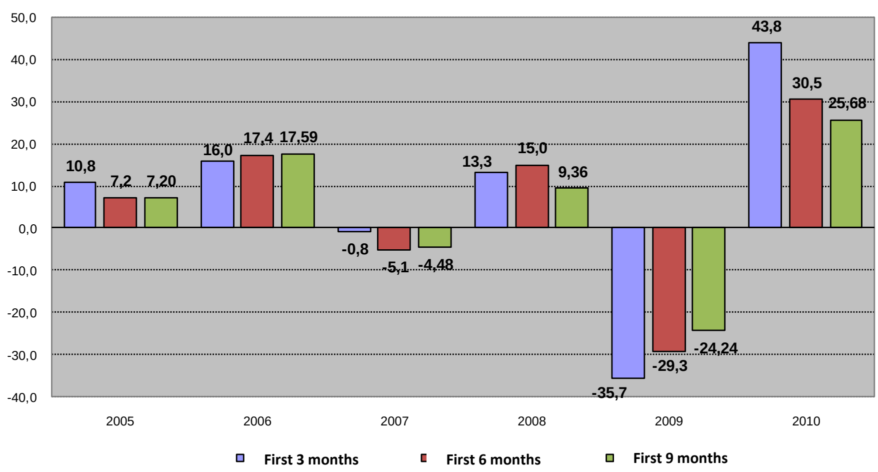


Figure 9. Real Increase in Accrual of Special Consumption Tax on Durable Consumption Goods (%, cumulative)



Real increase in the VAT collection that was witnessed by the end of May tended downwards and stood at 25% by the end of September in parallel with the decreasing performance faced by the end of June. The contradiction between the level of imports and the collection of VAT on imports as analyzed in detail in the previous report started to ease by the end of June. However it should be well explained what the reasons of the jump in the effective rate of VAT on imports collected in the first six months of the year.

Figure 10. Real Increase in VAT on Imports (%)



III. Developments in Budget Financing and Debt Stock

Cash deficit based on the actual cash inflows and outflows in the treasury stood at 20.8 billion TL as of the end of September. Out of this amount, 4.1 billion TL was financed by net foreign borrowing and 17.4 billion TL by domestic borrowing and 2.2 billion TL entered in the Treasury's accounts via excess borrowing and debt returns (including exchange difference).

Treasury has not faced any troubles in borrowing so far. The excess liquidity abroad relieving the domestic markets at this stage prevents any problem about cash deficit finance in terms of quantity.

Table 14. Cash Balance of the Treasury (September)

(million YTL)	Jan*	Feb*	March*	April*	May*	June*	July*	August *	Sep*	Total*
REVENUES	18,847	16,032	19,689	20,442	23,516	13,158	20,216	29,375	17,106	178,381
PRIVATIZATION AND FUND REVENUES	66	340	165	417	1,587	62	1,649	252	954	5,492
EXPENDITURES	22,493	22,018	24,138	23,588	18,840	23,540	22,644	22,640	24,879	204,781
Primary Expenditures	16,396	17,697	19,000	17,426	16,739	19,749	18,505	19,505	20,865	165,883
Interest Payments	6,097	4,320	5,138	6,162	2,101	3,791	4,139	3,135	4,014	38,898
PRIMARY BALANCE	2,451	-1,666	689	3,016	6,777	-6,591	1,711	9,870	-3,759	12,497
CASH BALANCE	-3,580	-5,646	-4,284	-2,729	6,263	-10,321	-779	6,988	-6,819	-20,908
FINANCING	3,580	5,646	4,284	2,729	-6,263	10,321	779	-6,988	6,819	20,908
BORROWING (NET)	9,089	1,034	2,275	6,284	-3,353	-340	2,145	4,500	-90	21,543
EXTERNAL BORROWING (NET)	3,035	-2,142	1,185	3,907	-263	-2,795	-320	2,365	-875	4,096
Utilization	3,098	2	1,508	4,846	78	98	94	2,679	69	12,471
Payment	63	2,144	323	939	341	2,893	413	314	945	8,376
DOMESTIC BORROWING (NET)	6,055	3,176	1,090	2,377	-3,090	2,455	2,465	2,135	785	17,447
Utilization	19,991	20,186	10,685	13,656	7,738	11,019	11,699	18,487	12,343	125,804
Payment	13,936	17,010	9,594	11,279	10,828	8,564	9,235	16,352	11,558	108,357
PRIVATIZATION REVENUES	0	0	0	0	0	0	0	0	0	0
TRANSFERS FROM SDIF	1	36	381	0	0	0	33	0	0	452
ASSIGNED -GURANTEED DEBT RETURNS	71	35	158	102	81	196	153	129	188	1,114
BANK UTILIZATION	-5,580	4,541	1,470	-3,657	-2,991	10,464	-1,552	-11,617	6,722	-2,201
EXCHANGE RATE DIFFERENTIAL	-194	394	-197	-526	222	130	-136	-39	-170	-518
BANK UTILIZATION NET	-5,386	4,147	1,667	-3,131	-3,213	10,334	-1,416	-11,578	6,892	-1,683

Table 15. General Budget Balance and Central Government Budget Balance Comparative Table (June and September)

June

General Budget Balance		Central Government Budget Balance	
(million YTL)	June End	(million YTL)	June End
Budget Balance	-15,779	Budget Balance	-15,429
Escrows	-4,001	Escrows	-4,033
Advances	1,347	Advances	1,433
Cash Balance	-18,432	Cash Balance	-18,030
Funding	18,432	Funding	18,030
Total Net Borrowing	17,227	Total Net Borrowing	17,227
Let Lending (-)	-367	Let Lending (-)	-352
Privatization Revenues	0	Privatization Revenues	0
Change in Cash & Other Items (-) Entry (+) Exit	420	Change in Cash & Other Items (-) Entry (+) Exit	33

Eylül

General Budget Balance		Central Government Budget Balance	
(million YTL)	September End	(million YTL)	September End
Budget Balance	-21,891	Budget Balance	-21,289
Escrows	4,301	Escrows	4,305
Advances	1,383	Advances	1,478
Cash Balance	-16,208	Cash Balance	-15,507
Funding	16,208	Funding	15,507
Total Net Borrowing	24,987	Total Net Borrowing	24,987
Let Lending (-)	-1,010	Let Lending (-)	-989
Privatization Revenues	0	Privatization Revenues	0
Change in Cash & Other Items (-) Entry (+) Exit	-10,242	Change in Cash & Other Items (-) Entry (+) Exit	-10,922

On the other hand, budget accounting data reveals that cash balance stood 2 billion TL below the Treasury's deficit.

Figure 11. Central Government Domestic Debt Stock Interest Structure

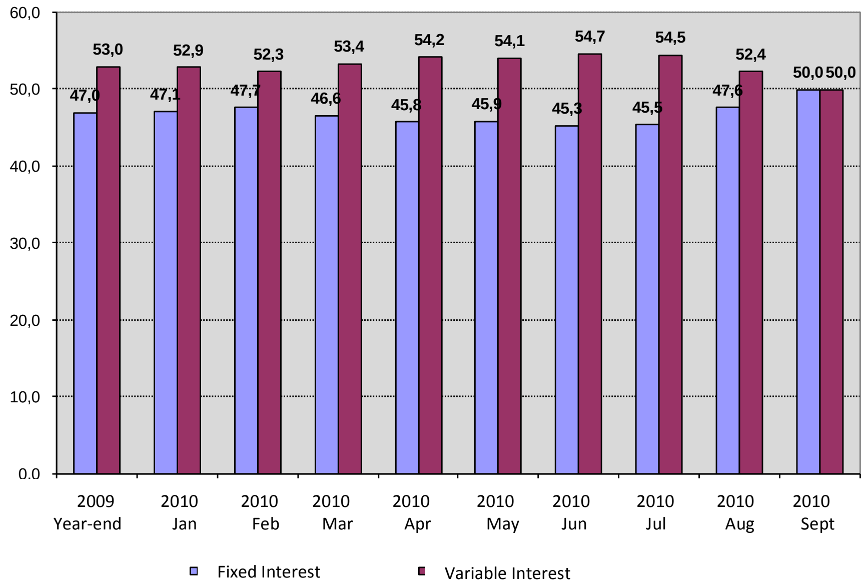


Figure 12. Central Government Domestic Debt Stock TL-FX Structure

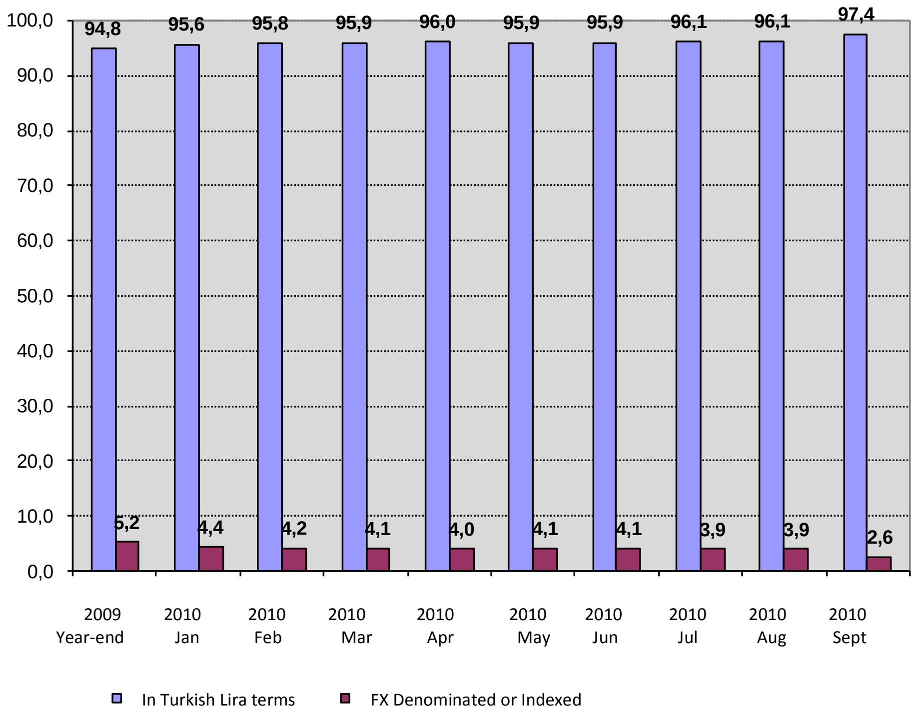
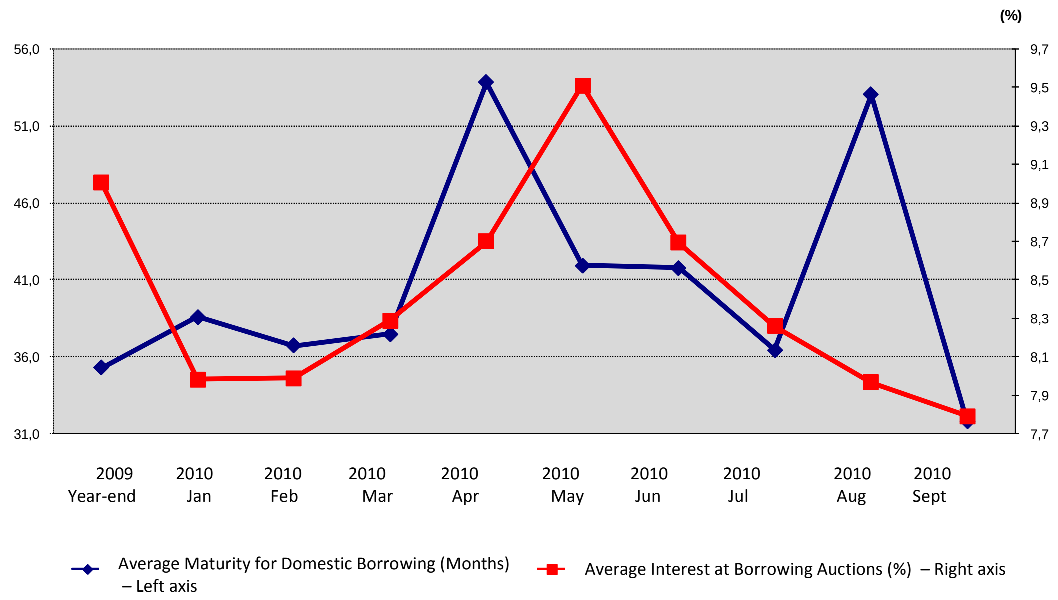


Figure 13. Average Maturity and Interest Rate for Domestic Borrowing



Central government domestic debt stock continues the stable course in terms of both the composition and interest rate structure.

Although the average maturity in domestic debt auctions demonstrates an outlook with ups and downs, average maturity of the debt stock appears to have been fixed at 30 months. As of May, auction interest rates have decreased by approximately 2 points.

IV. Assessments on the General Statement of Conformity and Implementation Results Report for 2009 by the Court of Accounts and Some Recommendations to the Planning and Budgetary Commission for the 2011 Budget Negotiations

Budget negotiations have been carried out drawing no attention in the shade of a number of issues that have recently been occupying the public's agenda.

As mentioned in many of the previous TEPAV Fiscal Monitoring Reports, budget right of the Parliament in Turkey unfortunately is not regarded sufficiently by the Government and this problem is reinforced also by the Parliament. We would like to emphasize once again that this is an important democracy problem.

The budget right in essence belongs to the nation and refers to the Parliament's – the representative of the public - transferring to the government the authority to collect revenues and make spending as well as calling the government to account how this authority is practiced.

TEPAV Fiscal Monitoring Reports have been stressing for long that the budget right of the Parliament has been damaged severely with the provisions added to budget laws, that appropriations are surpassed with the authority assigned to the Minister of Finance in the implementation process in particular and that the expenditures are carried out without getting the permission of the Parliament for employing additional budget appropriation. Carrying out expenditures in excess of the appropriations without notifying and asking the permission of the Parliament and getting the approval of the Parliament a posteriori (e.g. supplement appropriation practices) during the negotiations on the final account law at the end of the year have become prevalent practices in the recent years, which also causes problems with respect to the fiscal transperancy principle.

In addition to this, the previous fiscal monitoring reports also maintained that with some certain accounts that were put into practice, come obliged expenditures were not recorded and were suspended to following years on grounds that the appropriations fall short which is in violation of the requirement that any obligation created within a certain fiscal year shall be executed as an expenditure in the respective year and if the appropriation falls short additional appropriation shall be requested from the Parliament. Similarly, the reports underlined that these practices which caused the Parliament to bypass its budget right and resulted in the understatement of the budget deficit also gave way to the violation of the fiscal transparency principle.

The General Statement of Conformity and Implementation Results report the Court of Accounts issued for the year 2009 reveal that the mentioned issues started to occupy the Court's agenda, too.[1]

Different than the previous years, the Court of Accounts have added a new chapter (Findings and Recommendations) to the 2009 *Implementation Results* which sets forth some findings on several subjects including the above mentioned issues Fiscal Monitoring Reports highlight.

This section first focuses on the findings stated by the Implementation Results Report and than make some practical recommendations to the members of the parliament in the context of the 2011 budget law negotiations.

I. The Court of Accounts' findings and the report's assessments

a. Expenditures in Excess of Appropriation and Budget Right

[1] For reports in Turkish see
http://sayistay.gov.tr/rapor/uygunluk/2009/2009GenelUygunluk.pdf
http://sayistay.gov.tr/rapor/uygunluk/2009/2009UygulamaSonuc.pdf

As the Court of Accounts General Statement of Conformity Report on 2009 Final Accounts state:

"Expenditures of the central government in excess of the appropriation as per 5018 Law are;

a) 9,816,447,248.96 Turkish liras for public institutions that are covered in the general budget as included in schedule (I),

b) 2,506,887.11 Turkish liras for special budget administrations as included in the schedule (II), accounting for a total of 9,818,954,136.07 Turkish liras.

Supervision and regulation agencies that are covered in the schedule (III) do not have any expenditure in excess of the appropriation in 2009."

According to this, when compared to the previous years expenditures in excess of appropriation have show a substantial increase in 2009. The level of expenditures in excess stood at 0.9 billion TL in 2006, 4.7 billion TL in 2007, 4.5 billion TL in 2008, and at 9.8 billion TL in 2009.

Court of Accounts General Statement of Conformity Implementation Results Report states:

"The analysis of the data on the arrangements about expenditures in excess of appropriations as stated in the 2009 final account expenditure schedules of the institutions under the body of the central government (put forth in the attached table on "Inter-institution reductions and expenditures in excess of appropriations as observed in personnel expenditures and state premium expenditure transferred to social security institutions") reveal that compared to the initial appropriation authorized as per the budget law appropriations are sufficient for meeting the year-end expenditures (for the items of personnel expenditures and state premium expenditures transferred to social security institutions) whereas with appropriation transfers among institutions appropriation reductions have pushed up the expenditures in excess of the initial appropriation."

In simpler terms, it is stated that appropriations set initially to cover the personnel expenditures and considered to be sufficient to cover such expenditures were transferred to other budget items and therefore certain expenditures were executed without receiving any additional appropriation from the Parliament given that personnel expenditures can and have to be made without referring to any appropriations. That is, a number of expenditures that cannot be executed without reference to the relevant appropriation were enabled with the funds transferred from the personnel expenditures appropriation. More concretely, the statements in between the lines maintain that the budget right of the Parliament is being damaged. In this line the report also says:

"As stipulated with the Public Financial Management and Control Law No 5018 Article 21 titled "Carry-over of Appropriations", "Carry-over of appropriations among the budgets of the public administrations within the scope of central government shall be realized by law.However, public administrations within the scope of the central government are entitled to carry over appropriations in their budgets up to the amount of five percent of the appropriation in the allocation to be carried over, unless a different ratio is defined in the budget law of the relevant year. Such kind of carryovers shall be notified to the Ministry of Finance within the following seven days. No carryovers are allowed from the allocations for personnel expenditures, allocations including a previous a carryover and contingency appropriations to the other allocations."

However, these limitations have been bended to a large extend with the following provisions of the Cantral Government Budget Law for 2009 (Law No 5828) Article 10 titled "Arrangements for carryovers and supllemention:

"Minister of Finance is authorized to:

(1) a) Carry over the appropriations of the public institutions under the body of general government and special budgetary institutions under the items "Personnel expenditures" and

"Government Premium to Social Security Agencies" to the item "Appropriations to finance Personnel Expenditures" via Ministry of Finance and when necessary arrange "auxiliary appropriation"; and to the "Auxilary Appropriations" item under the Ministry of Finance budget for arrangements about appropriations under other economic codes without being subjected to the limitations stipulated in the Law N0 5018 Article 21 Para. 3,

b) Carry over appropriations from the budget of a public administration under the scope of the general budget to the budget of another public administration to which a duty is assigned by the former and upon the request of the former regardless of the functional classification, and carry out all procedures appearing thereinto,

c) Carry over the appropriations among functions for supply and provision services that are involved in the budgets of the Ministry of Defense and the Coast Guard Command and that that have to be managed by a single central body under the Turkish Armed Forces as well as any service under a certain function which has to be carried out by another function,

ç) Carry over among relevant institutions the appropriations of the projects that have been changed due to the amendment of the investment programs of public institutions under the scope of the general budget in compliance with the Law on the Implementation, Coordination and Monitoring of the Programme for 2009, and

d) Carry out any regulations about budget and accounting procedures required for the implementation of budget laws and for the preparation of final accounts as a result of the reorganization of public administrations.

(2) Public administrations in the scope of the general budget and special budgetary administrations can carryover appropriations within their budget provided that the amount subjected to carryover does not exceed 20 percent of the appropriation.

Minister of Finance is authorized for carryovers for any amount above 20 percent of the appropriation amount. If any carryover is made between the projects involved in the investment schedules annexed to the 2009 Investment Programme in compliance with the Law on the Implementation, Coordination and Monitoring of the Programme for 2009, the arrangements required by this carryover of appropriations shall be executed in line with the provisions of this article in exemption of the provisions of No 5018 Law Aricle 21 Paragraph 3. Limited to the said procedures, the 20 percent shall be raised to 100 percent.

(3) General budget administrations are as per the 13/12/1983 dated Decree Law No 180 Regarding the Organization and Responsibilities of the Ministry of Public Works and Settlement authorized to carryover the appropriations related for the services to be assigned to the Ministry of Public Works and Settlement to the budget of the said Ministry.

(4) Ministry of Defense, Directorate General for Gendermarie and Coast Guard Command are authorized to carryover transfers across their respective budgets upon the agreement to undertake the price of the services they carried out for each other within the fiscal year."

The long quotation from the report reveal that the mandatory provision of the Article 21 of the Public Financial Management and Control law, which stipulates that no expenditure can be realized out of the respective appropriation and that auxiliary appropriations shall be asked from the Parliament when the initial appropriation falls short and which is believed to be the main protector of the budget right of the Parliament, is bypassed with "lawfull" bending initiatives directly by the Parliament itsef with provisions added to the budget law.

Although it is a positive development that the Court of Accounts has brought forward this issue we have been trying to highlight for long, we believe that it is of significant importance that the Court, which is authorized to carry out

supervision on behalf of the Parliament, has to submit the issue to the attention of the Parliament with clearer and direct statements.

b. Assessments on Arrangements of Budgetized Debts Account and Expenditures to be Entered in Relevant Appropriations

Our reports have been highlighting for a long time that with an amendment made in 2005 when the Law on Public Financial Management and Control (LPFMC) has not yet entered into force, the accounts added to the public accounting system were being used as a tool to transfer the spending obligations to the coming years with an aim to understate the budget deficit. Court of Accounts' report for 2009 also made an assessment that supports our findings:

"….323-Budgetized Debts Account and 831- Expenditures to be Entered in Relevant Appropriations that are used to track the amounts that are related to the expenditure of public administrations in the scope of the general budget that do not refer to a commitment or expenditure order carried out under the economic codes determined by the Ministry of Finance but that do are not paid in spite of the fact that the relevant appropriation is stipulated in the budget shall be finalized at the end of the year by the provision of relevant appropriations and the relevant payments shall not be suspended to the following years. Nonetheless, this requirement is not fulfilled in practice.

Under these circumstances, a total expenditure of 177,053,831.83 Turkish liras was not recorded under the central government consolidated budget deficit for 2009 but was recorded in the accounts for 2010."

As the findings reveal, an amount of 177 million TL is not reflected in the budget deficit which apart from the magnitude (in fact, there is no guarantee that the amount will

not reach high levels), indicates that the Ministry of Finance did not record the transaction that in principle had to be finalized at the end of the year and to be recorded in the accounts of the relevant financial year. This practice in violation of fiscal transparency shall be ceased immediately.

c. Other findings and assessments

In addition to these, the Court of Accounts recommended that reporting in more detail must be made about the compliance of carryovers under the finance items of analytical budget system in order to facilitate monitoring and reporting must be made to ensure that the differences in the recording of expenditures and revenues coming from Treasury aids and the carryover of excess revenues of regulatory agancies to the central government budget are monitored consistenty both in the initial appropriations and in final accounts. The report also identifies:

> *"In principle, central government consolidated budget deficit can be identified completely only with the acknowledgement of "Treasury aids" and "excess revenue of regulatory and supervisory institutions" items. It is of significance that principles such as "accountability", "fiscal transparency" and "Parliament's budget right" as involved in the provisions of Law No 5018 on Public Financial Management and Control take place more prominently in the final accounts process."*

Although we agree with the points stated by the Court of Accounts' report in general, we would like to emphasize that the Court of Accounts must share this issues that are technical in character but that in essence give important clues about fiscal transparency and budget right with the public with a simpler language.

Furthermore, we believe that as a supreme supervision agency carrying our supervisory activities on behalf of the citizens, the Court of Accounts can present the reports that for the first time involved such findings to the public and the press as well as the

Parliament in forms of short and comprehensible "summaries" and use a more brave language in presenting the recommendations and warnings in order to raise awareness about the budget right.

II. Some Practical Recommendations to the Members of the Parliament in the Budget Preparation and Approval Process[2]

At this stage it will be wise to address in particular the limitations and capacity problems the Parliament has been facing in the approval, implementation and supervision processes.

We believe that the **main restrictions faced in the budget approval process** can be summarized as follows:

- Although the number of documents submitted to the Parliament has increased, it is not possible to say that they are easily comphensible and reader-friendly.
- Budget preparation process has been shifted to start at an earlier time, whereas the medium term program and medium term fiscal plan are not issued in time. Therefore, Parliament's commission members do not have the time sufficient to make required assessments about the policy priorities of the government.
- Parliament's Planning and Budgetary Commission has a busy negotiation agenda. It is clear that the commission which simulataneously negotiates the budgets of a

[2] This section mainly relies on the document presented by Ferhat Emil in a symposium in Afyon, Turkey on September 22-23, 2010 with the title "*The changing role of parliaments in the budget proces: The Changing Role of teh Great National Assembly of Turkey in the Budget Process – Can the Parliament Employ its Budget Right Properly? A Critical Approach*". (The Symposium was organized in coopration with the TGNA Presidency, OECD-SIGMA, Islamic Conferance on Parliamentory Cooperation. www.tbmm.gov.tr)

number of agencies and instiutions cannot carry out a healthy assessment.

- Members of the Parliament's Planning and Budgetary Commission are not provided with sufficient technical assistance and information. Commission members try to get assistance personally from the bureaucrats they have aquintenance with or from their consultants but this generally do not prove sufficient and healthy.

The implementation and supervision process is even mre problematic.

- With the laws submitted to the Parliament without making any association with the authority assigned with the budget, new obligations are created and in many cases the members of the Commission are not notified. Since such texts are written using a highly technical and complex language, Commission members cannot easily assess such documents.
- Even though the Article 14 of the LPFMC involve mandatory provisions on the statement of financial burdens, this s most frequently violated in practice.
- Law on Offsetting of the Debts of Some Institutions and Agencies, a recently adopted law on the issue in question and which is known as the technical arbitration regulation has been adopted by the Parliament despite the fact that it involves provisions that conflict with the Parliament's budget right by authorizing transactions out of the budget without requiring that the said transactions must be associated with the budget appropriations.[3]
- With the Law No 6009 (Mixed law) regulations that have

[3] http://yeni.tepav.org.tr/tr/haberler/s/1652 " Kamu Kurumlarının Borçlarını Tasfiye Yöntemi Mali Saydamlığa Uygun Değil"

the characteristics of tax amnesty were introduced.[4] Such practices continue with an increasing pace.

- Article 21 of the LPFMC stipulating that carryover of appropriations shall be regulated with law sets a critical guarantee for the budget right, the said article has been suspended with an exemption introduced in the budget laws over the last three years (e.g. article 10 of the 2010 budget law) and the Minister of Finance was authorized to do carryovers between various appropriations without submitting a request to the Parliaement. This causes problems also with respect to the budget supervision process. The Court of Accounts only reports the expenditures in excess of appropriations enabled with the mentioned procedures. Moreover, with "complementary appropriation" practices the Parliament is a posteriori made to transfer the spending right it kept at the beginning of the fiscal year on the basis of the budget right to the government.[5]
- With the amendment introduced in the Law on Public Financial Management and Control in 2009, with another mixed law, the borrowing limit was increased five times the level stipulated in the previous law, whereas the auxiliary appropriation corresponding to the expenditure was not received from the Parliament, further damaging the budget right through a law adopted personally by the Parliament.[6]

The conclusion to be driven from the above discussion is that the efficiency of the Parliament's monitoring and supervision in the

[4] http://www.vavek.org.tr/docs/ac300710.pdf "Vatandaşın Vergisini Koruma Derneği Basın Açıklaması"
[5] http://www.vavek.org.tr/docs/ac30032010.pdf "5018 sayılı Yasanın 21 inci maddesi ve Anayasaya aykırı ödenek kullanımı"
[6] http://www.vavek.org.tr/docs/duyuru10062009.pdf " Torba Yasa İle Borçlanma Limitinin Arttırılması Bütçe Hakkının İhlal Edilmesidir"

budget processes depends highly on the governments' approach toward the issue despite all the legal amendments carried out with good intentions. The more the governments respect the budget right of the Parliament, the higher the efficiency of monitoring and supervision will be, securing the future of democracy in fiscal terms. On the other hand, when tendency to make expenditures increases, governments might use their majority power to bypass the legally determined financial limits, tend to carry out extra-budgetary expenditures directly through the Parliament, the actual holder of the said right, regulating the resource allocation in line with their desires and interests.

Concluding Remarks – Some Hints for the Members of the Parliament

One important lesson to be derived from the above statements is that due to the complex structure of the budget processes, the monitoring and supervision of the Parliament will not be easy especially in the cases where the governments hold the majority position in the parliament. On the other hand, it is the requirement of democratic procedures that the parliaments protect their budget rights. In this respect, the following recommendations are believed to be of help for the members of the parliament (PM):

- When a draft bill is submitted, PMs can remind the drafters of the Article 14 of LPFMC and ask for the calculation of the burden of the bill, if not calculated. That justification of draft bills incurring fiscal burdens is the same with the articles of the draft bill and that the bills therefore do not involve any information on fiscal burden must be criticized.
- It will be wise to approach the draft bills that involve statements like "without association with the budget appropriations", "without recording in revenues and

appropriations", "Ministry of Finance and/or Undersecretariat of Treasury is authorized for the accounting of transactions under this law" with a critical eye since such bills might engender the budget right.

- When examining the budget investment appropriations, it the potential impacts of the new investment offers (maintenance, repair, new personnel) on the current budget at the date the investment is finalized must be assessed. This is to some extent the purpose of the three-year budgets.
- Final Account must be assessed either by a different committee or within a different agenda. An amendment in the Parliamentary bylaw might give favorable outcomes to this end.
- The Court of Accounts must be called for issuing more comphenesible reports.
- The Court of Accounts must be called particularly for issuing clear, reader-friendly and comphenesible declarations of conformity for Final Accounts.
- Article 21 of the LPFMC is the guardian of the Parliament's budget right. The provisions of budget laws that suspend this article must be questioned and abolished.
- The government must be warned to secure that medium term program and fiscal plan is issued in a timely manner. The SPO must be asked for explaining what has changed compared to the previous year following the issuance of each year's program document.
- Ministers are obliged to disclose to the public the performance programs and targets as of the beginning of each fiscal year. Webpages of ministeries must be

followed and it should be monitored whether this obligation is met.

- Performance based budget implementation is difficult to achieve which is succeeded by very few countries. However, when presenting their budgets, ministers must be asked to what extent they met their targets.
- If the Minister of Finance blocks a budget appropriation or executes a carryover from the budget of one ministry to that of another, it should be questioned whether this is consistent with the strategic plans and performance targets of relevant ministeries.
- Efforts must be paid to carry out the necessary arrangements to enable that the mid-year fiscal status report the Minsitry of Finance is obliged to announce to the public as per the LPFMC is negotiated by the Planning and Budgetary Commission as a different agenda item.
- The personnel of the Directorate of Planning and Budgetary Commission must be assisted in improving their technical capacity and in receiving trainings. This implies a reliable source of knowledge that will furnish the members of the commission with adequate information regardless of whether they are a member of the ruling party or opposition party.
- Regulations enabling the members of the Directorate to serve internship for a year in ministries making expenditures and in Ministry of Finance, State Planning Organization and Undersecretariat of Treasury can be introduced.
- Backdating the budget negotiation process might be considered. It requires extraordinary efforts to review the budget of a number of institutions in only 55 days. Methods can be searched to extend this process and

enable that budget of fewer institutions will be reviewed per day.

- If possible, Planning and Budgetary Commission must not work in the night shift in the Plenary Session to examine the final accounts and institutions' budgets. Such methods have never proven fruitful.
- It can be considered to activate other expertise commissions of the Parliament to share the workload of the Planning and Budgetary Commission.
- The existing meeting hall of the planning and budgetary commission can be replaced with a bigger and more comfortable one if possible. This way, relevant civil society organizations, trade unions, associations and representatives of the professional organizations can be seated.
- A setting where relevant civil society organizations, trade unions, associations can speak for 3-5 minutes each can be tried.

ANNEXES

Annex Table 1. 2010 Central Government Budget Allowances and Expenditures (End of September)

	Jan-Mar	Apr-Jun	Jul-Sep	Total	2010 Budget	(%) Realization	Composition of Expenditures (%)
Expenditures	**68,372,793**	**68,121,497**	**72,332,872**	**208,827,162**	**286,981,304**	**72.77**	**100.00**
Primary Expenditures	**53,373,523**	**55,561,915**	**60,608,391**	**169,543,829**	**230,231,253**	**73.64**	**81.19**
I. Compensation of Employees	**16,224,015**	**15,512,171**	**15,687,185**	**47,423,371**	**60,349,022**	**78.58**	**22.71**
Civil Servants	13,809,862	12,744,483	13,062,510	39,616,855	49,966,717	79.29	18.97
Workers	725,775	933,570	1,029,165	2,688,510	3,981,458	67.53	1.29
Other	1,688,378	1,834,118	1,595,510	5,118,006	6,400,847	79.96	2.45
II. Govn. Premiums to Social Sec. Agencies	**2,754,187**	**2,607,081**	**2,656,608**	**8,017,876**	**11,109,812**	**72.17**	**3.84**
Civil Servants	2,366,668	2,143,904	2,241,820	6,752,392	9,494,917	71.12	3.23
Workers	139,575	187,942	187,433	514,950	743,837	69.23	0.25
Other	247,944	275,235	227,355	750,534	871,058	86.16	0.36
III. Good and Service Procurements	**4,202,296**	**6,313,136**	**6,440,055**	**16,955,487**	**25,189,945**	**67.31**	**8.12**
Defense and Security	**1,057,602**	**2,322,398**	**2,186,651**	**5,566,651**	**9,123,219**	**61.02**	**2.67**
Ministry of Defense	778,757	1,746,757	1,556,194	4,081,708	7,129,231	57.25	1.95
General Command of Gendarme	160,246	376,606	387,798	924,650	1,273,708	72.60	0.44
General Directorate of Security	118,599	199,035	242,659	560,293	720,280	77.79	0.27
Health Expenditures	**1,121,608**	**1,337,342**	**1,353,071**	**3,812,021**	**4,801,000**	**79.40**	**1.83**
Cure and Pharm. Prod. Exp. of Persons w ith Green Card	900,353	1,073,769	1,200,641	3,174,763	4,603,000	68.97	1.52
Medicine Expenditures	72,851	77,201	50,644	200,696	79,640	252.00	0.10
Cure and Pharmaceutical Products	148,404	186,372	101,786	436,562	118,360	368.84	0.21
General Debt Expenditures	**3,370**	**11,222**	**5,594**	**20,186**	**220,000**	**9.18**	**0.01**
Other Goods and Services Expenditures	**2,019,716**	**2,642,174**	**2,894,739**	**7,556,629**	**11,045,726**	**68.41**	**3.62**
IV. Current Transfers	**27,719,235**	**24,101,406**	**25,874,653**	**77,695,294**	**102,172,807**	**76.04**	**37.21**
Duty Losses	**968,047**	**413,288**	**1,302,976**	**2,684,311**	**4,310,022**	**62.28**	**1.29**
Duty Losses of Public Enterprises	909,047	260,493	1,058,477	2,228,017	3,038,382	73.33	1.07
Financial Institutions	0	63,213	190,457	253,670	924,000	27.45	0.12
Other Duty Losses	59,000	89,582	54,042	202,624	347,640	58.29	0.10
Treasury Aid	**15,803,248**	**14,691,685**	**15,974,379**	**46,469,312**	**62,343,710**	**74.54**	**22.25**
Treasury Aid to Social Security Agencies	**308,163**	**313,910**	**336,798**	**958,871**	**1,254,793**	**76.42**	**0.46**
Unemployment Insurance Fund	279,791	283,759	293,285	856,835	1,106,793	77.42	0.41
5-point Premium Support to Retirement Funds				**0**	**148,000**	**68.94**	**0.05**
Provincial Offices	**445,190**	**405,698**	**474,598**	1,325,486	1,660,839	79.81	0.63
Municipalities	60,085	13,012	65,385	138,482	140,834	98.33	0.07
Other (provincial offices and villages)	385,105	392,686	409,213	**1,187,004**	**1,520,005**	**78.09**	**0.57**
Other Treasury Aids	**269,919**	**334,949**	**467,983**	1,072,851	1,734,078	61.87	0.51
DFİF	28,000	77,000	76,850	181,850	603,750	30.12	0.09
Other	241,919	257,949	391,133	**891,001**	**1,130,328**	**78.83**	**0.43**
Transfers to Non-financial Establishments	**216,340**	**70,881**	**147,831**	**435,052**	**726,674**	**59.87**	**0.21**
Treansfers to Households	**378,015**	**374,396**	**337,278**	1,089,689	1,516,259	71.87	0.52
Scholarships & Pocket Money	231,381	203,522	216,837	651,740	756,550	86.15	0.31
Other Transfers for Education	89,971	98,224	83,905	272,100	571,111	47.64	0.13
Transfers for Health	14,084	15,621	12,290	41,995	62,256	67.46	0.02
Transfers for Foods	39,223	53,539	19,711	112,473	115,807	97.12	0.05
Transfers for Accomodation	3,356	3,490	4,535	**11,381**	**10,535**	**108.03**	**0.01**
Agricultural Subsidies	**3,164,970**	**1,462,265**	**327,254**	4,954,489	**5,605,000**	**88.39**	2.37
Direct Revenue Support	1,847,000	0	148,332	1,995,332	2,120,608	94.09	0.96
Differential Paying Supporting	570,288	1,095,700	0	1,665,988	1,818,156	91.63	0.80
Stockbreeding Support	700,000	298,000	16,000	1,014,000	1,251,536	81.02	0.49
Other	47,682	68,565	162,922	**279,169**	**414,700**	**67.32**	**0.13**
Other Transfers to Households	**90,452**	**177,116**	**180,208**	**447,776**	**1,135,278**	**39.44**	**0.21**
Social Transfers	**340,109**	**378,946**	**431,071**	**1,150,126**	**1,598,787**	**71.94**	**0.55**
Foreign Transfers	**179,030**	**275,019**	**187,413**	**641,462**	**1,028,660**	**62.36**	**0.31**
Shares from Revenues	**6,579,024**	**6,257,810**	**6,986,243**	**19,823,077**	**23,908,417**	**82.91**	**9.49**
V. Capital Expenditures	**1,011,533**	**4,450,902**	**6,756,912**	**12,219,347**	**18,924,425**	**64.57**	**5.85**
VI. Capital Transfers	**281,092**	**1,120,348**	**1,442,977**	**2,844,417**	**3,429,214**	**82.95**	**1.36**
VII. Lending	**1,181,165**	**1,456,871**	**1,750,001**	**4,388,037**	**6,902,862**	**63.57**	**2.10**
Domestic Lending	**988,690**	**1,376,871**	**1,570,001**	3,935,562	6,297,862	62.49	1.88
Public Enterprises	609,500	881,942	971,750	2,463,192	3,174,250	77.60	1.18
Risk Account	0	0	0	0	470,000	0.00	0.00
Other	379,190	494,929	598,251	**1,472,370**	**2,653,612**	**55.49**	**0.71**
Foreign Lending	**192,475**	**80,000**	**180,000**	452,475	605,000	74.79	0.22
Cyprus	192,475	80,000	180,000	**452,475**	**605,000**	**74.79**	**0.22**
VIII. Reserve Appropriations	**0**	**0**	**0**	**0**	**2,153,166**	**0.00**	**0.00**
Interest Expenditures	**14,999,270**	**12,559,582**	**11,724,481**	**39,283,333**	**56,750,051**	**69.22**	**18.81**
I. Domestic Interest	**12,546,005**	**11,593,099**	**9,734,879**	**33,873,983**	**46,552,000**	**72.77**	**16.22**
II. Foreign Debt Interest	**2,385,689**	**865,629**	**1,989,602**	**5,240,920**	**7,757,051**	**67.56**	**2.51**
III. Interest of Discount & Short Term Cash Operation	**67,576**	**100,854**	**0**	**168,430**	**2,441,000**	**6.90**	**0.08**

Annexed Table 2. Central Government Budget Expenditures, Comparative 2009-2010 (End of September)

	2009				2010				Rate of Increase	
	September	Total	Realization	Realization rate	September	Total	Budget Estimate	Realization Rate	September	Total
Central Government Budget Expenditures	**25,427,734**	**197,169,028**	**268,219,185**	**73.5**	**25,395,318**	**208,827,162**	**286,981,304**	**72.8**	**-0.1**	**5.9**
Primary Expenditures	**20,441,164**	**151,656,550**	**215,018,291**	**70.5**	**21,398,278**	**169,543,829**	**230,231,253**	**73.6**	**4.7**	**11.8**
Compensation for Employees	**4,850,310**	**42,596,872**	**55,946,887**	**76.1**	**5,464,498**	**47,423,371**	**60,349,022**	**78.6**	**12.7**	**11.3**
Government Premiums to Social Security Agencies	**584,995**	**5,139,410**	**7,208,283**	**71.3**	**908,296**	**8,017,876**	**11,109,812**	**72.2**	**55.3**	**56.0**
Good and Services Procurements	**1,916,170**	**17,325,344**	**29,798,912**	**58.1**	**1,842,779**	**16,955,487**	**25,189,945**	**67.3**	**-3.8**	**-2.1**
Defense-Security	664,195	5,692,859	9,670,686	**58.9**	599,231	5,566,651	9,123,219	**61.0**	-9.8	-2.2
Health Expenditures	526,046	5,146,768	8,798,075	**58.5**	445,968	3,812,021	4,801,000	**79.4**	-15.2	-25.9
General Cure and Pharmaceutical Products	92,997	1,140,232	2,145,183	**53.2**	21,038	436,562	118,360	**368.8**	**-77.4**	-61.7
General Medicine Expenditures	59,803	672,287	1,147,099	**58.6**	11,434	200,696	79,640	**252.0**	**-80.9**	-70.1
Medicine Expenditures of Persons Having Green Card	373,246	3,334,249	5,505,793	**60.6**	413,496	3,174,763	4,603,000	**69.0**	10.8	-4.8
General Debt Expenditures	3,861	39,567	41,691	**94.9**	340	20,186	220,000	**9.2**	-91.2	-49.0
Other Goods and Services	722,068	6,446,150	11,288,460	**57.1**	797,240	7,556,629	11,045,726	**68.4**	10.4	17.2
Current Transfers	**10,022,619**	**70,205,058**	**91,975,805**	**76.3**	**10,625,737**	**77,695,294**	**102,172,807**	**76.0**	**6.0**	**10.7**
Duty Losses	**194,238**	**2,814,317**	**4,138,312**	**68.0**	**494,743**	**2,684,311**	**4,310,022**	**62.3**	**154.7**	**-4.6**
Duty Losses of Public Enterprises	62,784	1,942,536	2,731,164	**71.1**	407,975	2,228,017	3,038,382	**73.3**	549.8	14.7
Financial Institutions	120,500	686,506	1,000,599	**68.6**	77,117	253,670	924,000	**27.5**	-36.0	-63.0
Other Duty Losses	10,954	185,275	406,549	**45.6**	9,651	202,624	347,640	**58.3**	**-11.9**	**9.4**
Treasury Aid	**6,778,010**	**44,127,937**	**56,951,199**	**77.5**	**6,612,909**	**46,469,312**	**62,343,710**	**74.5**	**-2.4**	**5.3**
Treasury Aid to Social Security Agencies	86,188	746,206	1,018,575	**73.3**	101,276	958,871	1,254,793	**76.4**	17.5	**28.5**
Unemployment Insurance Fund	86,188	746,206	1,018,575	**73.3**	101,276	856,835	1,106,793	**77.4**	17.5	**14.8**
Health, Retirement & Social Aid Expenditures	6,409,905	41,255,279	52,684,727	**78.3**	6,234,238	43,112,104	57,694,000	**74.7**	**-2.7**	**4.5**
Government Social Security Contribution	797,000	8,105,293	11,084,293	**73.1**	1,300,000	11,100,000	13,092,000	**84.8**	**63.1**	36.9
Social Security Deficit Finance	4,226,513	23,715,613	29,249,282	**81.1**	3,580,000	22,423,000	31,776,000	**70.6**	**-15.3**	-5.5
Other	1,386,392	9,434,373	12,351,152	**76.4**	1,354,238	9,589,104	12,826,000	**74.8**	**-2.3**	1.6
Treasury Aid to Provincial Offices	113,408	1,106,093	1,591,049	**69.5**	142,483	1,325,486	1,660,839	**79.8**	25.6	19.8
Other Treasury Aids	168,509	1,020,359	1,656,848	**61.6**	134,912	1,072,851	1,734,078	**61.9**	-19.9	5.1
Transfers to Non-financial establishments	**61,326**	**593,461**	**844,067**	**70.3**	**77,150**	**435,052**	**726,674**	**59.9**	**25.8**	-26.7
Transfers to Households	**56,292**	**882,529**	**1,276,134**	**69.2**	**77,469**	**1,089,689**	**1,516,259**	**71.9**	**37.6**	23.5
Agricultural Subsidies	**42,959**	**3,844,370**	**4,494,568**	**85.5**	**62,614**	**4,954,489**	**5,605,000**	**88.4**	45.8	28.9
Differential Paying Supporting	0	1,548,000	2,006,790	**77.1**	0	1,665,988	1,818,156	**91.6**		7.6
Stockbreeding Support	0	893,000	907,500	**98.4**	3,000	1,014,000	1,251,536	**81.0**		**13.5**
Other Agricultural Transfers	42,959	1,403,370	1,580,278	**88.8**	59,614	2,274,501	2,535,308	**89.7**	**38.8**	**62.1**
Other Transfers to Households	**134,883**	**569,605**	**1,031,171**	**55.2**	**22,126**	**447,776**	**1,135,278**	**39.4**	-83.6	-21.4
Social Transfers	**99,108**	**714,512**	**1,027,013**	**69.6**	**154,258**	**1,150,126**	**1,598,787**	**71.9**	55.6	61.0
Foreign Transfers	**66,587**	**530,991**	**721,607**	**73.6**	**31,838**	**641,462**	**1,028,660**	**62.4**	**-52.2**	**20.8**
Shares from Revenues	**2,589,216**	**16,127,336**	**21,491,734**	**75.0**	**3,092,630**	**19,823,077**	**23,908,417**	**82.9**	**19.4**	**22.9**
Shares of Local Government	1,971,744	12,667,395	16,834,530	**75.2**	2,371,167	15,643,534	19,138,115	**81.7**	20.3	**23.5**
Shares on Funds	528,754	2,610,375	3,474,011	**75.1**	576,070	3,088,667	4,209,253	**73.4**	8.9	**18.3**
Other Shares	88,718	849,566	1,183,193	**71.8**	145,393	1,090,876	561,049	**194.4**	**63.9**	**28.4**
Capital Expenditures	**2,296,168**	**10,292,027**	**20,071,509**	**51.3**	**1,993,684**	**12,219,347**	**18,924,425**	**64.6**	**-13.2**	18.7
Capital Transfers	**419,562**	**2,193,508**	**4,319,248**	**50.8**	**299,049**	**2,844,417**	**3,429,214**	**82.9**	-28.7	29.7
Domestic Capital Transfers	**416,537**	**2,173,406**	**4,178,646**	**52.0**	**299,049**	**2,825,745**	**3,175,578**	**89.0**	-28.2	30.0
Foreign Capital Transfers	**3,025**	**20,102**	**140,602**	**14.3**	**0**	**18,672**	**253,636**	**7.4**	-100.0	-7.1
Lending	**351,340**	**3,904,331**	**5,697,647**	**68.5**	**264,235**	**4,388,037**	**6,902,862**	**63.6**	**-24.8**	12.4
Domestic Lending	**279,340**	**3,537,331**	**5,070,647**	**69.8**	**224,235**	**3,935,562**	**6,297,862**	**62.5**	-19.7	11.3
Foreign Lending	**72,000**	**367,000**	**627,000**	**58.5**	**40,000**	**452,475**	**605,000**	**74.8**	-44.4	23.3
Reserve Appropriations	**0**	**0**	**0**		**0**	**0**	**2,153,166**			
Interest Expenditures	**4,986,570**	**45,512,478**	**53,200,894**	**85.5**	**3,997,040**	**39,283,333**	**56,750,051**	**69.2**	**-19.8**	**-13.7**

Annexed Table 3. Central Government Budget Revenues, Comparative 2009-2010 (End of September)

	2010 September	2009 September	Increase (%)	2010 Budget Forecast	2009 Year End	Realization Compared to 2010 Budget (%)	Realization Compared to 2009 Year End (%)
Central Government Budget Revenues	**187,537,705**	**156,358,086**	**19.94**	**236,794,348**	**215,458,341**	**79.20**	**72.57**
General Budget Revenues	**181,683,270**	**151,879,529**	**19.62**	**229,946,786**	**208,610,436**	**79.01**	**72.81**
I-Tax Revenues	**153,789,299**	**125,332,103**	**22.71**	**193,323,625**	**172,440,423**	**79.55**	**72.68**
Taxes on Income, Profits and Capital Gains	**44,829,012**	**40,549,365**	**10.55**	**59,480,796**	**56,468,694**	**75.37**	**71.81**
Income Tax	**29,876,004**	**28,496,787**	**4.84**	**41,515,828**	**38,445,864**	**71.96**	**74.12**
Based on Declaration	2,006,678	1,853,600	8.26	1,958,249	1,987,051	102.47	93.28
Lump-sum	224,458	213,489	5.14	225,983	244,267	99.33	87.40
Witholding Tax	26,744,379	25,631,370	4.34	38,056,904	35,091,462	70.27	73.04
Provisional Tax	900,489	798,328	12.80	1,274,692	1,123,084	70.64	71.08
Corporation Tax	**14,953,008**	**12,052,578**	**24.06**	**17,964,968**	**18,022,830**	**83.23**	**66.87**
Based on Declaration	511,996	375,509	36.35	563,681	494,751	90.83	75.90
Witholding Tax	171,591	170,250	0.79	196,282	212,619	87.42	80.07
Provisional Tax	14,269,421	11,506,819	24.01	17,205,005	17,315,460	82.94	66.45
Tax on Property	**4,762,587**	**4,094,207**	**16.33**	**4,484,287**	**4,663,977**	**106.21**	**87.78**
Inheritance and Gift Taxes	135,007	109,548	23.24	156,019	168,253	86.53	65.11
Motor Vehicle Tax	4,627,580	3,984,659	16.13	4,328,268	4,495,724	106.92	88.63
DomesticGoods and Services Taxes	**66,832,045**	**53,510,431**	**24.90**	**86,365,906**	**73,136,329**	**77.38**	**73.17**
Domestic VAT	**19,513,452**	**15,201,646**	**28.36**	**22,635,721**	**20,852,820**	**86.21**	**72.90**
Special Consumption Tax	**41,252,937**	**31,664,443**	**30.28**	**54,630,758**	**43,619,794**	**75.51**	**72.59**
SCT on Petroleum and Natural Gas	23,275,840	18,532,323	25.60	30,684,579	25,524,959	75.86	72.60
SCT on Motor Vehicles	3,814,090	2,256,682	69.01	3,786,699	3,352,689	100.72	67.31
SCT on Coke, Alcoholic Bev. & Tobacco Prod.	13,107,876	10,331,361	26.87	18,760,342	13,892,805	69.87	74.36
SCT on Durable Goods and Other Goods	1,055,131	544,077	93.93	1,399,138	849,341	75.41	64.06
Banking and Insurance Transactions Tax	**2,693,254**	**3,129,548**	**-13.94**	**3,875,309**	**4,003,091**	**69.50**	**78.18**
Other Taxes on Goods and Services	**3,372,402**	**3,514,794**	**-4.05**	**5,224,118**	**4,660,624**	**64.55**	**75.41**
Taxes on International Trade & Transactions	**27,891,550**	**20,434,900**	**36.49**	**33,133,610**	**28,651,405**	**84.18**	**71.32**
Customs Duties	2,305,024	1,803,752	27.79	2,979,639	2,465,856	77.36	73.15
VAT on Imports	25,529,730	18,595,038	37.29	30,108,212	26,134,065	84.79	71.15
Other Taxes on International Trade & Transactions	56,796	36,110	57.29	45,759	51,484	124.12	70.14
Stamp Duties	**3,713,908**	**3,021,587**	**22.91**	**4,398,969**	**4,169,006**	**84.43**	**72.48**
Fees	**5,169,592**	**3,436,356**	**50.44**	**5,404,696**	**4,755,033**	**95.65**	**72.27**
Taxes not Elsewhere Classified	**590,605**	**285,257**	**107.04**	**55,361**	**595,979**	**1,066.83**	**47.86**
II-Property Income	**8,257,747**	**8,519,822**	**-3.08**	**6,754,562**	**9,948,230**	**122.25**	**85.64**
Revenues from Valuable Bank Checks	**1,855,445**	**1,243,449**	**49.22**	**2,294,865**	**1,772,459**	**80.85**	**70.15**
Revenues from SEE's and Public Banks	**4,141,607**	**3,726,566**	**11.14**	**2,135,282**	**4,058,853**	**193.96**	**91.81**
Corporation Profits	**846,144**	**601,714**	**40.62**	**1,049,240**	**760,808**	**80.64**	**79.09**
Rents	**710,085**	**582,182**	**21.97**	**778,723**	**809,375**	**91.19**	**71.93**
Other Property Income	**704,466**	**2,365,911**	**-70.22**	**496,452**	**2,546,735**	**141.90**	**92.90**
III-Grants and Aids and Special Revenues	**1,434,819**	**713,262**	**101.16**	**964,310**	**807,329**	**148.79**	**88.35**
From Abroad	**265**	**25**		**11,072**	**25**	**2.39**	**100.00**
Special Revenues	**1,434,554**	**713,237**	**101.13**	**953,238**	**807,304**	**150.49**	**88.35**
IV-Interests, Shares and Fines	**15,775,045**	**15,642,859**	**0.85**	**17,816,884**	**23,057,791**	**88.54**	**67.84**
Interest Revenues	**3,317,121**	**4,094,749**	**-18.99**	**2,106,580**	**5,666,547**	**157.46**	**72.26**
Shares from Persons and Agencies	**5,080,422**	**5,926,715**	**-14.28**	**6,828,526**	**7,607,476**	**74.40**	**77.91**
Government Shares	249,366	185,337	34.55	276,059	246,771	90.33	75.10
Shares of General Budget Agencies	4,831,056	5,741,378	-15.86	6,552,467	7,360,705	73.73	78.00
Fines	**3,400,736**	**2,743,168**	**23.97**	**3,163,975**	**3,908,374**	**107.48**	**70.19**
Judicial Fines	142,351	150,073	-5.15	172,502	201,374	82.52	74.52
Administrative Fines	1,075,410	778,475	38.14	871,598	1,136,772	123.38	68.48
Tax Penalty	2,098,173	1,749,540	19.93	2,024,877	2,481,380	103.62	70.51
Other Fines	84,802	65,080	30.30	94,998	88,848	89.27	73.25
Other Miscellenous Revenues	**3,976,766**	**2,878,227**	**38.17**	**5,717,803**	**5,875,394**	**69.55**	**48.99**
V-Capital Revenues	**2,291,578**	**1,449,734**	**58.07**	**10,649,211**	**2,044,436**	**21.52**	**70.91**
Sales of Immovables	**217,480**	**152,072**	**43.01**	**236,745**	**215,093**	**91.86**	**70.70**
Sales of Movables	**2,132**	**2,651**	**-19.58**	**8,053**	**4,514**	**26.47**	**58.73**
Sales of Other Miscellenous Capitals	**2,071,966**	**1,295,011**	**60.00**	**10,404,413**	**1,824,829**	**19.91**	**70.97**
VI-Collections from Loans	**134,782**	**221,749**	**-39.22**	**438,194**	**312,227**	**30.76**	**71.02**
Revenues from Special Budget Institutions	**4,234,351**	**2,938,181**	**44.11**	**4,898,275**	**5,036,830**	**86.45**	**58.33**
Revenues from Regulatory&Supervisory Inst.	**1,620,084**	**1,540,376**	**5.17**	**1,949,287**	**1,811,075**	**83.11**	**85.05**

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

4 a)

	Compens. Of Employees	SSI Premium Payment	Goods & Services Procurements	Interest Expenditure	Current Transfers	Capital Expen.	Capital Transfers	Lending	Total
General Public Services	7.0	1.1	2.2	58.1	29.3	0.8	0.8	0.7	100
Defense Services	51.9	6.1	41.1	0.0	0.7	0.2	0.0	0.0	100
Public Order and Security Services	67.3	9.2	20.0	0.0	0.0	3.4	0.0	0.0	100
Economic Works and Services	13.4	2.6	4.8	0.0	34.0	32.7	1.9	10.6	100
Environmental Protection Services	47.1	10.5	6.2	0.0	0.2	2.9	33.2	0.0	100
Housing & Public Welfare Services	0.4	0.1	0.3	0.0	60.2	10.2	28.6	0.2	100
Health Services	43.5	10.2	41.9	0.0	0.1	4.3	0.0	0.0	100
Leisute, Cultural & Religious Services	58.7	11.1	7.4	0.0	10.2	9.8	1.2	1.6	100
Education Services	63.0	11.3	8.8	0.0	4.3	6.3	2.1	4.1	100
Social Security and Social Aids	0.4	0.1	0.7	0.0	98.5	0.2	0.0	0.1	100

4 b)

	Compens. Of Employees	SSI Premium Payment	Goods & Services Procurements	Interest Expenditure	Current Transfers	Capital Expen.	Capital Transfers	Lending
General Public Services	10.0	9.2	8.7	100.0	25.5	4.3	19.8	10.3
Defense Services	10.7	7.5	23.8	0.0	0.1	0.1	0.1	0.0
Public Order and Security Services	18.7	15.2	15.6	0.0	0.0	3.6	0.0	0.0
Economic Works and Services	7.0	7.9	7.0	0.0	10.8	66.1	16.8	59.7
Environmental Protection Services	0.2	0.2	0.1	0.0	0.0	0.0	2.1	0.0
Housing & Public Welfare Services	0.0	0.0	0.1	0.0	3.0	3.2	38.4	0.1
Health Services	9.7	13.4	26.1	0.0	0.0	3.8	0.0	0.0
Leisute, Cultural & Religious Services	4.4	5.0	1.6	0.0	0.5	2.9	1.5	1.3
Education Services	38.8	41.2	15.2	0.0	1.6	15.1	21.3	27.5
Social Security and Social Aids	0.4	0.4	2.0	0.0	58.5	0.8	0.0	1.0
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

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

	Jan	Feb	March	April	May	June	July	August	September
PRIMARY BALANCE	**3,254,456**	**4,342,357**	**2,689,242**	**5,032,565**	**13,188,567**	**11,780,157**	**12,725,485**	**19,626,693**	**17,391,965**
BUDGET BALANCE	**-2,835,052**	**-6,324,221**	**-12,310,028**	**-17,019,239**	**-11,027,773**	**-15,778,695**	**-19,457,597**	**-15,659,600**	**-21,891,368**
BUDGET ESCROWS	828,969	-229,292	-763,742	-815,685	-856,856	-473,751	379,930	-698,335	-1,360,153
OTHER ESCROWS	-944,938	-900,051	-547,529	-522,963	-326,836	-657,694	25,923	656,374	5,660,780
ADVANCES	3,518,192	676,208	1,624,647	1,450,179	1,464,455	1,665,724	1,480,543	1,360,336	1,382,596
Cash Balance	**567,171**	**-6,777,356**	**-11,996,652**	**-16,907,708**	**-10,747,010**	**-15,244,416**	**-17,571,201**	**-14,341,225**	**-16,208,145**
Treasury Funding	**-567,171**	**6,777,356**	**11,996,652**	**16,907,708**	**10,747,010**	**15,244,416**	**17,571,201**	**14,341,225**	**16,208,145**
Total Net Borrowing (Borrowing minus repayment)	**9,365,314**	**10,420,987**	**13,171,390**	**20,558,388**	**17,383,247**	**17,226,961**	**19,580,682**	**24,512,908**	**24,987,174**
Total Borrowing	**24,711,790**	**44,920,514**	**57,972,003**	**78,388,902**	**86,410,740**	**97,681,731**	**109,743,712**	**131,269,333**	**144,099,822**
Domestic Borrowing	21,551,926	41,737,446	53,108,717	68,130,761	75,869,123	86,888,491	98,587,842	117,074,556	129,417,908
Bills	18,632,926	35,752,446	45,090,717	60,112,761	67,851,123	77,688,004	88,019,522	103,875,725	114,279,077
Bonds	2,919,000	5,985,000	8,018,000	8,018,000	8,018,000	9,200,487	10,568,321	13,198,831	15,138,831
Foreign Borrowing	3,159,864	3,183,068	4,863,285	10,258,142	10,541,617	10,793,240	11,155,870	14,194,778	14,681,914
Total Capital Repayments	**-15,346,477**	**-34,499,527**	**-44,800,613**	**-57,830,514**	**-69,027,493**	**-80,454,770**	**-90,163,030**	**-106,756,426**	**-119,112,648**
Domestic Borrowing	-15,283,518	-32,293,301	-42,263,611	-54,364,931	-65,193,249	-73,757,582	-82,992,962	-99,344,668	-110,903,059
Bills	-13,837,518	-27,349,301	-33,543,432	-45,644,752	-56,473,070	-65,037,403	-68,957,153	-82,242,858	-91,768,250
Bonds	-1,446,000	-4,944,000	-8,720,179	-8,720,179	-8,720,179	-8,720,179	-14,035,810	-17,101,810	-19,134,810
Foreign Borrowing	-62,959	-2,206,226	-2,537,002	-3,465,583	-3,834,244	-6,697,188	-7,170,067	-7,411,758	-8,209,589
Funds other than Borrowing	48,178	110,677	631,012	735,654	808,420	999,352	1,188,043	1,301,071	1,462,707
Privatization Revenues Transferred to Treasury	0	0	0	0	0	0	0	0	0
Net Lending (-)	12	35,818	416,930	417,302	417,652	418,035	451,232	451,679	452,286
Cash movement (- entry, + exit)	-48,166	-74,859	-214,081	-318,352	-390,767	-581,318	-736,811	-849,391	-1,010,421
	-9,980,662	-3,754,308	-1,805,750	-4,386,334	-7,444,657	-2,981,897	-3,197,524	-11,472,754	-10,241,736

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

(million YTL)	Central Government Debt Stock (end of 2009)	%	Central Government Debt Stock Jan 2010)	%	Central Government Debt Stock (Feb 2010)	%	Central Government Debt Stock (March 2010)	%	Central Government Debt Stock (April 2010)	%	Central Government Debt Stock (May 2010)	%	Central Government Debt Stock (June 2010)	%	Central Government Debt Stock (July 2010)	%	Central Government Debt Stock (August 2010)	%	Central Government Debt Stock (Sep 2010)	%
Structure of the Domestic Debt Stock	**330,005**	**100.0**	**335,860**	**100.0**	**339,434**	**100.0**	**340,678**	**100.0**	**343,163**	**100.0**	**340,521**	**100.0**	**343,142**	**100.0**	**345,158**	**100.0**	**347,324**	**100.0**	**347,759**	**100.0**
In terms of holders	330,005	100.0	335,860	100.0	339,434	100.0	340,678	100.0	343,163	100.0	340,521	100.0	343,142	100.0	345,158	100.0	347,324	100.0	347,759	100.0
To the government	60,923	18.5	61,340	18.3	61,781	18.2	62,017	18.2	62,320	18.2	57,545	16.9	59,047	17.2	59,032	17.1	59,428	17.1	54,667	15.7
To market	269,082	81.5	274,520	81.7	277,653	81.8	278,662	81.8	280,843	81.8	282,976	83.1	284,095	82.8	286,126	82.9	287,896	82.9	293,092	84.3
In terms of interest structure	330,005	100.0	335,860	100.0	339,434	100.0	340,678	100.0	343,163	100.0	340,521	100.0	343,142	100.0	345,158	100.0	347,324	100.0	347,759	100.0
Fixed-interest	155,076	47.0	158,239	47.1	161,787	47.7	158,892	46.6	157,063	45.8	156,296	45.9	155,452	45.3	156,937	45.5	165,491	47.6	173,903	50.0
variable-interest	174,928	53.0	177,621	52.9	177,647	52.3	181,786	53.4	186,100	54.2	184,225	54.1	187,690	54.7	188,221	54.5	181,833	52.4	173,857	50.0
In terms of FX composition	330,005	100.0	335,860	100.0	339,434	100.0	340,678	100.0	343,163	100.0	340,521	100.0	343,142	100.0	345,158	100.0	347,324	100.0	347,759	100.0
TL Denominated	312,837	94.8	321,182	95.6	325,234	95.8	326,635	95.9	329,555	96.0	326,465	95.9	329,210	95.9	331,674	96.1	333,809	96.1	338,804	97.4
FX Denominated	17,168	5.2	14,678	4.4	14,201	4.2	14,044	4.1	13,608	4.0	14,055	4.1	13,932	4.1	13,484	3.9	13,515	3.9	8,956	2.6
TL indexed to FX	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Composition of Foreign Debt Stock	**111,368**	**100.0**	**112,375**	**100.0**	**113,315**	**100.0**	**113,308**	**100.0**	**113,723**	**100.0**	**116,699**	**100.0**	**115,780**	**100.0**	**113,176**	**100.0**	**115,924**	**100.0**	**112,951**	**100.0**
In terms of interest structure	111,368	100.0	112,375	100.0	113,315	100.0	113,308	100.0	113,723	100.0	116,699	100.0	115,780	100.0	113,176	100.0	115,924	100.0	112,951	100.0
Fixed-interest	80,184	72.0	82,057	73.0	82,256	72.6	82,753	73.0	82,924	72.9	85,335	73.1	84,514	73.0	82,612	73.0	84,418	72.8	82,393	72.9
variable-interest	31,185	28.0	30,317	27.0	31,059	27.4	30,555	27.0	30,799	27.1	31,364	26.9	31,266	27.0	30,564	27.0	31,505	27.2	30,557	27.1
Structure of Total Debt Stock	**441,373**	**100.0**	**448,235**	**100.0**	**452,749**	**100.0**	**453,986**	**100.0**	**456,886**	**100.0**	**457,220**	**100.0**	**458,922**	**100.0**	**458,334**	**100.0**	**463,247**	**100.0**	**460,710**	**100.0**
In terms of holders																				
To the government	60,923	13.8	61,340	13.7	61,781	13.6	62,017	13.7	62,320	13.6	57,545	12.6	59,047	12.9	59,032	12.9	59,428	12.8	54,667	11.9
To market (1)	380,450	86.2	386,895	86.3	390,968	86.4	391,970	86.3	394,566	86.4	399,675	87.4	399,874	87.1	399,302	87.1	403,819	87.2	406,043	88.1
Faiz Yapısı Açısından	441,373	100.0	448,235	100.0	452,749	100.0	453,986	100.0	456,886	100.0	457,220	100.0	458,922	100.0	458,334	100.0	463,247	100.0	460,710	100.0
Sabit Faizliler	235,260	53.3	240,296	53.6	244,043	53.9	241,646	53.2	239,986	52.5	241,631	52.8	239,966	52.3	239,549	52.3	249,909	53.9	256,296	55.6
Değişken Faizliler	206,113	46.7	207,938	46.4	208,706	46.1	212,341	46.8	216,900	47.5	215,589	47.2	218,956	47.7	218,784	47.7	213,338	46.1	204,414	44.4
In terms of FX composition	441,373	100.0	448,235	100.0	452,749	100.0	453,986	100.0	456,886	100.0	457,220	100.0	458,922	100.0	458,334	100.0	463,247	100.0	460,710	100.0
TL Denominated	312,837	70.9	321,182	71.7	325,234	71.8	326,635	71.9	329,555	72.1	326,465	71.4	329,210	71.7	331,674	72.4	333,809	72.1	338,804	73.5
FX Denominated	128,536	29.1	127,053	28.3	127,516	28.2	127,352	28.1	127,331	27.9	130,754	28.6	129,712	28.3	126,660	27.6	129,438	27.9	121,906	26.5
TL indexed to FX	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Average Maturity for Domestic Debt Stock (months)	24.4		25.4		26.4		26.4		27.6		27.7		27.9		27.9		29.5		29.5	
Average Maturity for Domestic Debt (Months)*	35.3		38.6		36.7		37.5		53.8		41.9		41.8		36.4		53.1		31.8	
Average Interest Rate for Domestic Borrowing Auctions % (2)*	9.00		7.98		7.99		8.29		8.70		9.51		8.69		8.26		7.97		7.79	