

# BUDGET REFORM in TURKEY



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# AGENDA

- PFMC Reform in Turkey
- Transparency Mechanism
- Reform Agenda

# PFMC REFORM -1

- 2001: Say2000i System (e-accounting)
- 2001: Independency of Central Bank
- 2002: Public Financing and Debt Management Law
- 2003: E-budget System
- 2003: Public Procurement Law
- 2003: Public Financial Management and Control Law

## PFMC REFORM- 2

- 2004: New Budget Classification
- 2004: International Accounting Standards
- 2005: Restructuring of Revenue Administration
- 2006: Introduction of PFMC Law
- 2010: New TCA Law

# ○ Medium Term Expenditure Framework

- MTEF
  - ✓ Medium Term Program
  - ✓ Medium Term Fiscal Plan
- Performance Based Budgeting
  - ✓ Strategic Planning
- Internal Control & Internal Audit

# Budget Coverage

- Abolishment of the Extra Budgetary Funds
- Municipalities
- Social security institutions
- Rolling funds
- Other institutions

# Budget Code

- Simplification of Budget Law
- Abolishment of special appropriation&revenue system
- Limits on Treasury Guarentees and Debt Undertaken
- Limits on PPP

# Budget Code

- Number of documents and reports attached to Budget Law
  - ✓ Legal Ground Report
  - ✓ Annual Economic Report
  - ✓ Tax Expenditures Report
  - ✓ Debt Management Report
  - ✓ List of Public Institutions(outside the CGB) getting transfers from the budget
  - ✓ Preceding two years' budget realizations and upcoming two years' budget forecasts of general government institutions
  - ✓ Budget projections of municipalities and social security institutions

# Final Accounts Coverage

- Deadline for submission to Parliament
- Special Budget Institutions
- Supervisory and Regulatory Institutions
- List of Public Debts and Treasury Guarantees
- Relinquished claims by government
- Public movables management report

# Reports

- Monthly Realization Reports
- Mid-Year Report
- General Accountability Report
- Unit Accountability Reports
- Local Administrations(Municipalities) General Accountability Report
- Local Administrations(Municipalities) Accountability Report

# Court of Accounts

- Extension of external audit scope
- New reports other than General Conformity Report;
  - ✓ Evaluation Report on General Accountability Report
  - ✓ Evaluation Report on Fiscal statistics
  - ✓ Evaluation Report on External Audit

# REFORM AGENDA

- Transition to new program classification
- Citizen budget guideline
- Integrating FMI Systems
- Improving monitoring and evaluation systems
- Strengthening the Role of Parliamentary Budget Office

# Citizen Budget Guideline

❖ Existing set-up

[www.bumko.gov.tr](http://www.bumko.gov.tr)

❖ Pilot work

# Pilot Work

## General Information

- ✓ Macroeconomic Evaluation
- ✓ Budget Expenditures
- ✓ Budget Revenues
- ✓ Budget Deficit
- ✓ Primary Surplus
- ✓ Debt Levels

# Pilot Work

## Sectoral Explanation

Public Employment

Education

Universities

Health

Judiciary

Regional development projects

Social Security

Social Expenditures by type

Agriculture

R&D and Innovation

Environment

Local Administrations





*Thank you*

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