



SCREENING CHAPTER 18 STATISTICS

MONEY AND FINANCE

**Country Session: The Republic of TURKEY
17-18 July 2006**



Government Accounts

Content

- Overview of Government Accounts
- Responsible Institutions and Stakeholders
- Methodology
- Future Plans



Government Accounts (cont'd)

Overview

In order to compile government accounts in accordance with generally accepted accounting and reporting principles, a reform project has been conducted by Ministry of Finance since 1995

Public Financial Management and Control Law (PFMC) No. 5018, December 2003, not only provides legal basis to perform the reform project but also defines goals of reform as task for the Government

Government Accounts (cont'd)

Overview (cont'd)

The PFMC Law has different perspectives and integrated approach:

- The scope of the general government has been re-defined and enlarged
- The unity of government accounting was ensured
- Accrual base was adopted
- Accounting and reporting standards board was established
- Authority of compilation of government finance statistics of the institutions defined in the Law has been given to the MoF
- Government finance statistics dissemination periods were set to ensure financial transparency
- Supervision task of the system has been given to the MoF to preserve accounts reliability

In order to establish frame chart of accounts for the GG and to regulate Government Accounting System “Framework Accounting by-law for General Government” issued by the Council of Ministers in 2004

Government Accounts (cont'd)

Overview (cont'd)

New Accounting System has been implemented in phases through pilot studies so as to enable all administrations to produce ESA tables in the end. The system:

- started to be implemented in the administrations within the scope of the general budget in January 2004
- started to be implemented in all institutions within the general government defined by Law in January 2006



Coverage of the New Government Accounting System defined in PFMCL

• **Central Government**

• General Budget Institutions

- Legislative Body
- Executive Body
- Judicial Body

• Special Budget Institutions (97)

- Universities (69)
- Others (28)

• Regulatory and Supervisory Institutions (8)

• **Social Security Institutions**

- Social Security Institution
- Turkish Labour Institution

• **Local Governments**

- Municipalities (3225)
- Provincial Special Institutions (81)



Responsible Institutions

Ministry of Finance is responsible for compiling and disseminating accounting data for the general government sector. MoF consolidates accounting data and produces financial statements for General Government

Stakeholders

TURKSTAT

Treasury

Special Budgeted Institutions

Regulatory and Supervisory Agencies

Social Security Institutions

Ministry of Interior

Data Sources and Data Compilation Method

According to the PFMC Law (No. 5018),

- MoF provides accounting services to the entities within general budget
- Other institutions covered by the Law established their accounting units and began to apply new accounting system in Jan 2006



Data Sources and Data Compilation Method (cont'd)

- MoF established a web based centralised accounting offices network so called say2000i system to compile government accounts from institutions within general government and produce government financial statistics
- By using “**say2000i**” system, MoF is compiling data for the general and special budget institutions instantly
- Regulatory and supervisory institutions send their accounting data monthly
- Social security institutions and local governments are obliged to send their data quarterly to the MoF. Social security institutions and the Ministry of Internal Affairs have been working on this task



Methodology

Periodicity

Monthly for Central Government

Quarterly and Annual for General Government (Social security institutions and local governments are in transition)

Dissemination

MoF disseminates

- Monthly data by the middle of the following month
- Quarterly data in 45 days after the end of the quarter on public accounts bulletin and via internet



Classifications

- COFOG has been introduced and the budget codification system has been overhauled
- 2004 and 2005 central government budgets were prepared in accordance with the new budget classification system
- 2006 budgets for all general government institutions were prepared on the new budget classification and have been implemented since January 2006



Framework Chart of Accounts

● **Balance Sheet Accounts**

I-Assets

1. Current Assets
2. Durable Assets

II-Resources

3. Current Liabilities
4. Long-Term Liabilities
5. Net Worth

● **Operating Accounts**

III-Operating Accounts

6. Revenue and Expenses

● **Cost Accounts**

IV-Cost Accounts

7. Cost Accounts

● **Budget Accounts**

V-Budget Accounts

8. Budget Revenue and Expenditures

● **Memorandum Items**

VI-Memorandum Items

9. Memorandum Accounts

Future Plans

In order to increase institutional capacity of data compilation, MoF will commence a two-year Twinning Project in October 2006

On the scope of the Project:

- GG scope will be redefined according to ESA 95 criterion
- Government accounting system and classifications will be amended according to ESA 95 norms
- Accounting and reporting principles will be examined
- IT System will be reorganised
- 5000 government employees working on government finance statistics will be trained
- At the end of Twinning Project in 2009, Government accounts will be produced parallel to ESA 95 norms. As a consequent MoF will be able to converge governments accounts into ESA tables related to GG sector



Government Debt and Deficit Statistics

Content

- Overview of Government Debt Statistics
- Government Debt and Deficit Statistics for Excessive Deficit Procedure
 - Responsible Institutions and Stakeholders
 - Methodology
- Future Plans



Overview of Government Debt Statistics

- Law on the Structures and Duties of the Undersecretariat of Treasury (Law No. 4059): Treasury is the responsible institution for monitoring and management of central government financing as well as cash and debt accountancy
- Law on Public Finance and Debt Management (Law No. 4749): Legal Basis on management, budgeting and monitoring of public debt
- By-law on General Budget Accountancy (Official Gazette 31 December 2005, No: 26040): Debt Accountancy Rules
- Law on Public Financial Management and Financial Control (Law No. 5018): Institutional definition of Central Government and General Government subsectors



Overview of Government Debt Statistics (cont'd)

- Law on Public Finance and Debt Management is the legal basis on monitoring:
- Central government domestic debt and public external debt
- Onlent domestic and external credits of central government
 - Domestic credits are mainly in terms of Government Securities
 - External Credits are in terms of loans provided on behalf of Central Government
- Government guarantees granted to external debt of public institutions
- Receivables arising from onlent domestic and external credits as well as undertakings of Treasury guarantees

Overview of Government Debt Statistics (cont'd)

Undersecretariat of Treasury disseminates:

- Monthly
 - Central Government Domestic Debt Statistics
 - Central Government External Debt Statistics
- Quarterly
 - Guaranteed External Debt Statistics of the Public Sector
 - Total External Debt Statistics of the Public Sector at the same time with total External Debt Statistics of Turkey
- Annually
 - Total Gross and Net Debt Statistics of the Public Sector: Needed data is gathered from related institutions



Overview of Government Debt Statistics (cont'd)

- Central government Domestic Debt Statistics and External Debt statistics as well as Debt Accountancy are based on electronic data base
- Debt Statistics can be produced in different details: according to security, issuance, maturity, currency, creditor type or primary holder type, etc.
- Debt statistics can be produced cash and accrual basis
- Revaluation calculations of FX linked or indexed linked securities are available



Government Deficit and Debt Statistics for Excessive Deficit Procedure

- Produced and disseminated by the Undersecretariat of Treasury in coordination with related institutions: Ministry of Finance (MoF), State Planning Organization (SPO)
- Produced since 2000 on time
- Produced with improving quality of the data and coverage: After the workshop held in 2005 with an EU expert via using TAIEX sources, the statistics are revised considerably within 2006 notification tables, where the coverage is more in line with the Deficit and Debt Guidelines

Government Deficit and Debt Statistics for Excessive Deficit Procedure (cont'd)

Turkey's Deficit Definition

- Central Government Deficit approved by the parliament
- Institutional Coverage defined in Law on Public Financial Management and Control
- Data is disseminated by the Ministry of Finance

Turkey's General Government deficit for EDP

- Starting line is the Central Government Deficit
- Institutional coverage is adjusted in line with ESA 95 guidelines: data source is MoF accounts and SPO figures
- Financial transactions are excluded from the deficit: data source is MoF accounts
- Nonfinancial transactions outside the deficit are included: data source Treasury, MoF
- Accrual adjustments are done: data source is MoF accounts



Government Deficit and Debt Statistics for Excessive Deficit Procedure (cont'd)

Turkey's Debt Statistics Coverage

- Securities and Loans
- Principle amounts are included in the debt stock
- Unconsolidated basis
- FX and Index revaluations are included
- Institutional coverage defined in the Law on Public Financial Management and Control

Turkey's general government debt for EDP

- Currency and Deposits of GG is included
- Nominal Basis adjustments are done for debt securities
- Consolidation within and intra subsectors is done
- FX and Index revaluations are included
- Institutional coverage in line with Deficit and Debt Guidelines



Future Plans

- Further legislative developments for data collection for the consolidation of the deficit and debt as well as the financial transactions of the general government sector
- Draft Law in the Turkish Grand National Assembly, amending Law on Public Finance and Debt Management gives right to Treasury to demand assets and liabilities of the the public sector directly from financial institutions when needed



MONETARY AND FINANCIAL INDICATORS

Content

- Legal Framework
- Overview
- Responsible Institutions and Stakeholders
- Data Sources
- Future Plans



Legal Framework

Money supply, loans, deposits, interest rates, exchange rates and consolidated balance sheet of Monetary Financial Institutions (MFI) are compiled and disseminated by the CBRT as required by the **CBRT Law No:1211, 26.01.1970**, amended by Law No 4651, 25.04.2001

Overview

- Monetary aggregates, interest rates and stock market indicators, reserve assets and exchange rate indices and international investment position tables are reported to EUROSTAT on quarterly basis under “EU Candidate Countries’ Reporting Forms”. Historic data goes back to 1993
- Bilateral meetings between the **ECB’s Directorate of Statistics** and the CBRT Statistics Department has been held in 2002 both in Frankfurt and Ankara to discuss the money and banking statistics of Turkey and their compliance with the ECB requirements. Since then, the studies for harmonization with the ECB statistics and particularly on MFI statistics and the coverage of the sector are going on



Data Source

- Data source is the **Banking Supervisory Package** which is a shared database between the CBRT and Banking Regulation and Supervision Agency (BRSA)
- **Statistical Information Forms** reported by resident banks in Turkey and financial statements of the CBRT



Responsible Institution

Central Bank

Stakeholder

BRSA



Future Plans

- Studies to improve MFI consolidated balance sheet in line with the ECB requirements are going on. Most of the further breakdowns of loans, deposits and securities in terms of maturity and currency will be compiled from existing Banking Supervisory Package details and additional Statistical Information forms will also be required. Studies are planned to be completed **by the end of 2008**
- The CBRT would like to **continue bilateral contact with the ECB's Directorate of Statistics** and transmit money and banking data on voluntary basis with the aim of an early preparation for eventual membership in the European System of Central Banks