

BUDGET LITERACY FOR CITIZENS

PRINCIPLES, RIGHTS, AND PRACTICES
IN TÜRKİYE'S PUBLIC FINANCE

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PREFACE

The state budget is not merely a technical financial plan but rather the most fundamental public document, determining how a society's common resources are collected and utilized. The budget embodies not only the political priorities and economic preferences of governments but also the decisions that directly shape citizens' daily lives. For this reason, understanding, monitoring, and debating the budget is not the privilege of experts but a right and responsibility of all citizens.

Citizen participation in budgetary processes is of critical importance for strengthening democratic legitimacy and public trust. Such participation, however, is closely tied to the concept of budget literacy. Budget literacy may be defined as the ability of citizens to read and interpret budget documents, evaluate the social and economic consequences of fiscal decisions, and question the effects of taxation and expenditure policies on their lives. Strengthening this capacity not only enables individuals to play a more informed role in public decision-making processes but also contributes to building a transparent and accountable system of public finance. In other words, citizens with a high level of budget literacy constitute the most effective guarantee of democratic oversight.

In many countries, including Türkiye, the technical language of budget documents, barriers to accessing information, and the complexity of administrative procedures often make it difficult for citizens to acquire sufficient knowledge about budgetary matters. Moreover, the generally limited public interest in fiscal issues further deepens this challenge. In such a context, awareness of constitutional rights related to the budget, and their effective exercise is only possible through enhanced budget literacy. Thus, helping citizens follow and critically engage with the budget is a key part of democratic citizenship.

Particularly for the Generation Z, improving budget literacy has become increasingly crucial. Born after 2000 and raised in a world rapidly shaped by digitalization, this generation has unique ways of accessing information, yet their knowledge of budgetary processes remains limited. However, as the future decision-makers and policymakers, young people need to develop a critical and informed perspective on the use of public resources. Their active engagement with fiscal governance is indispensable for democratic sustainability and fiscal discipline.

This book approaches budget literacy not only as a theoretical concept but also as a practical skill that citizens can apply in their daily lives. Structured in four chapters, it first explores the fundamental concepts of the state budget and the principle of budgetary rights. The second chapter discusses the preparation,

implementation, and auditing processes of the budget in Türkiye. The third chapter focuses on the rights of citizens in budgeting, access to fiscal information, and the mechanisms of oversight. The final chapter provides methodological guidance on reading budget tables and interpreting financial data. In this way, the book both reminds citizens of their constitutional rights and equips them with the tools to engage directly with budget documents.

This study was conducted as part of the project titled “Strengthening Generation Z’s Awareness and Literacy of the Budget: An Inter-University Approach” (Project No. 123K798), supported by the Scientific and Technological Research Council of Türkiye (TÜBİTAK) – Social and Human Sciences Research Support Group (SOBAG). We are grateful to the project team, the university stakeholders who assisted with data collection and analysis, and the young participants who generously shared their insights through interviews and surveys. We also extend our sincere thanks to TÜBİTAK for financial support and to the SOBAG unit for its continuous guidance throughout the process.

We hope that this book will contribute to the development of budget literacy in Türkiye and serve as a useful reference not only for academic circles but also for all citizens—particularly for the younger generation—by encouraging them to become more informed, critical, and actively engaged individuals. All opinions, suggestions, and any shortcomings in this book remain the sole responsibility of the project coordinators and researchers.

With our best regards.

The Z-VABB Project Team

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INTRODUCTION

Citizens need to have budget awareness in terms of their participation in matters related to the state budget. Budget awareness means that citizens are conscious of the fact that the state budget is their own money, or in other words, their shared wallet. Therefore, it is important for citizens to examine the performance of public institutions within the framework of accountability outlined in the Public Financial Management and Control Law No. 5018 and to track how the taxes are spent. In this manner, budget awareness can only be realized when citizens have budget literacy. Budget literacy means that citizens have the ability to understand, even at a basic level, the information and documents related to the state budget when they examine them. People with budget literacy gain a more informed level of perception when they review the strategic plans, performance programs, and activity reports of public institutions. Individuals with budget literacy can comprehend how much tax they pay, what it is allocated to, and how the resources of this shared budget—representing their collective money—are spent, as well as the services they receive in return. People with budget literacy are aware that public property is their shared property, and with this sense of public ownership, they help prevent the waste of public resources and damage to state property. Therefore, it is crucial for every citizen to have budget literacy.

This book is essential to enhance citizens' awareness about the public budget and to enable the active participation in budgetary processes. The public budget clearly represents the collective wallet of all citizens. Understanding how this joint resource is utilised in monitoring the performance of public institutions, and ensuring accountability require fundamental budget literacy. Through this book, citizens could realise how their taxes are used for public services, how public resources are managed, and how public property is recognised as their collective assets. Consequently, budget-literate individuals become more informed, responsible, and engaged citizens. This improvement significantly strengthens democratic processes and promotes transparency as well as accountability in public administration.

This book which aims to ensure that citizens acquire basic budget literacy, consists of four sections. The first section defines fundamental concepts related to the state budget, emphasizes the concept of the power of the purse, discusses budget principles, and highlights the importance of budget literacy. The second section provides information about the preparation, implementation, closure, and auditing of the state budget in Türkiye. The third section informs citizens about their rights in the budgeting process, how they can access budget documents, and

how they can stay informed about budget implementation results. Finally, the fourth section explains how to interpret the expenditure and revenue items of the state budget, as well as what to understand from the budget balance, aiming to equip readers with the technical aspects of budget literacy.

CHAPTER ONE

ESSENTIALS OF BUDGETS AND BUDGETING

1.1. Importance of Budgets and Their Role as the Shared Wallet in a Society

The public/state budget is the destiny book of a country and, at the same time, the shared wallet of society.

The public budget is the destiny book of a country and plays a significant role in determining public preferences and listing these preferences in terms of their importance (Altuğ, 2019). Moreover, the budget directly affects a society's future. It is an economic tool and shows political and social will (Güngör Göksu, 2020). Today, as one of the most critical instruments for regulating the functioning of the modern state, the budget determines the level, methods, and means by which a country's everyday needs are met (Premchand, 1983). Additionally, the public budget is a document that presents the fundamental principles and priorities for providing public goods and services within the framework of political preferences.

In a democratic country, decisions such as how much resources will be allocated to which public sectors, which projects will be prioritized, and which groups will be supported are materialized through the budget. For this reason, the budget process holds great importance as a platform for balancing the demands and expectations of different segments of society. In addition, the budget plays a critical role in ensuring a country's economic stability and sustainable development (Gildenhuis, 2004). While a well-planned and effective public budget supports economic growth, it also reduces income inequality and enhances social welfare. On the contrary, poor budget management leads to resource waste, economic imbalances, and social unrest. Therefore, conducting the budget process in a participatory, transparent, and accountable manner is one of the fundamental elements of democratic governance.

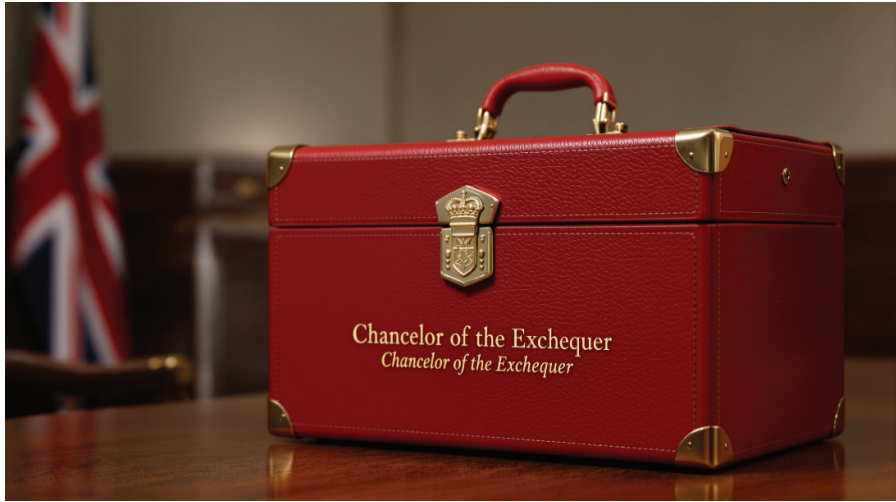
1.1.1. What is a Budget? How Did It Evolve?

The word "budget" originates from the Latin word "*bulga*." In the Middle Ages, documents containing the financial plans of states or institutions were often carried in a bag or pouch, and over time, this word evolved into a term representing public financial planning and income-expenditure accounts. Derived from the root word *bulge*, the term "budget" was first used in its modern sense in 17th-

century England and gradually became established in other European languages. Initially, the term referred to the leather bag used by the British Chancellor of the Exchequer to present documents containing the state's needs and resources to Parliament (Edizdoğan & Çetinkaya, 2023; Tügen, 2019). Over time, it came to signify the documents, which detailed the state's income and expenditure estimates and were placed in the bag. Additionally, the word "budget" entered Turkish from the French word "*bougette*," which means "small bag" or "pouch" (Gildenhuis, 2004). In Turkish, the earliest equivalent of "budget" was also "leather bag".

Figure 1.1

Representative Budget of the British Chancellor of the Exchequer



Note. The image was created using AI.

The literature has several definitions regarding the public or state budget. According to Article 3 of the Public Financial Management and Control Law No. 5018, adopted in 2004 as the Fiscal Constitution in Türkiye and came into effect in 2005, the budget is: "*a document which indicates the revenue and expenditure estimations of a certain period and issues related to their realization, and which is put into force as required by the relevant procedures.*" Before the enactment of Law No. 5018, the definition of the budget in Article 6 of the General Accounting Law No. 1050, previously in force, was: "*a law that shows the annual income and expenditure estimates of state offices and institutions and authorizes their implementation.*" The fundamental difference between the definitions of these two laws lies in their scope. While Law No. 1050 referred to the budget as a law within the narrower framework of the state budget, Law No. 5018 has adopted a broader perspective

by emphasizing the public budget. This difference is because the public budget is a broader financial concept that includes the state budget (also known as the central government budget) as a part of it. Edizdoğan & Çetinkaya (2023, p.6) describe the budget as “a management plan that meets national needs, a tool of economic policy, a financial report presented by the government to the legislature and the nation on how public funds will be used, a request for legislative decisions to turn proposals into actions, a document compiled to examine national goals and related data, and a tool that enables the more efficient and effective execution of government programs.”

1.1.2. What is Meant by the Role of Budgets as a Shared Wallet?

The public budget is known as the shared wallet of society because the budget is financed through the contributions of all individuals, institutions, and other actors who make up society. The collected tax revenues, fees, fines, and other income sources meet society’s everyday needs. In this way, efforts are made to ensure the fair distribution of resources, achieve common goals, promote social justice, and maintain economic stability (Kilavuz & Yüksel, 2019a; 2019b).

Figure 1.2

Budget as a Shared Wallet of Society



Note. The image was created using AI.

Some key aspects of the role of the budget as a shared wallet are as follows (Edizdoğan & Çetinkaya, 2023; Tüğen, 2019; Altuğ, 2019):

i. Collection and Allocation of Resources: Through the budget, resources collected from all members of society are used for common services and projects such as education, healthcare, infrastructure, and social security.

ii. Achieving Common Goals: The budget helps society achieve its collective goals. For instance, public resources, such as taxes and others, are allocated via the public budget in order to promote equal opportunities in education, to improve healthcare services, or to support economic development in a country.

iii. Social Justice and Equality: Another purpose is supporting the principles of social justice and equality. Resources are used for social assistance programs, poverty mitigating projects, and also initiatives, which ensure equal opportunities in order to reduce income inequalities.

iv. Economic Stability and Growth: The budget is used as a tool to ensure economic stability and promote growth. Expenditures such as infrastructure investments, unemployment benefits, and economic stimulus packages help reduce cyclical fluctuations and support economic growth.

v. Financing Public Services: The public budget funds essential services and these provided services ensure population safety and social order. These services include police, fire fighters, and courts.

vi. Emergencies and Crisis Management: The budget supports society during unexpected natural disasters, economic crises, or health emergencies. The state requires additional resources to implement emergency funds and crisis management programs in such cases.

1.1.3. What are the Social and Economic Benefits of Budgets?

The budget is not only a financial tool, but also a guide for the government to achieve its national development goals.

The budget is a financial instrument and a strategic framework for the government to realize national development objectives, and it is not merely a text or a law of revenues and expenditures. It is a management plan for the state's finances and the fulfilment of national needs because it defines the routes and channels of public expenditures and the estimated revenues and expenditures (Edizdoğan & Çetinkaya, 2023). By presenting the government's financial policies and priorities, the budget informs both the legislature and the public how public funds will be used and which sectors will be prioritized. Thus, it is a strategic document that aims to realize national objectives (Gildenhuis, 2004).

The budget is of the utmost importance in terms of being an economic policy instrument. It constitutes a formal request for legislative approval of government initiatives and serves as a detailed document evaluating national objectives and

the data required to achieve them. This enables the government to implement its programs effectively and efficiently. Hence, an effective and efficient budget promotes economic growth and stability and a better quality of social welfare through proper and efficient use of public resources (Edizdoğan & Çetinkaya, 2023). Furthermore, public participation, contribution, and oversight in all stages of the budget process—determining for whom and under what measures and rules public goods and services will be provided—should be actively supported. It is one of the fundamental pillars of a democratic governance system (Şahin Ipek, 2017).

1.2. Power of the Purse and Its Importance

The power of the purse authorizes citizens to question where and how their taxes are spent.

The power of the purse, protected under constitutions, ensures that citizens or institutions authorized on their behalf have a say in the decision-making process regarding how much public resources will be allocated to specific types of services and what obligations will be imposed on citizens for these expenditures (Güngör Göksu, 2024; Kiral & Akdemir, 2019). In other words, it refers to the legislative body granting the executive authority each year to collect public revenues and carry out public expenditures and the citizen's right to question where and how the taxes are spent (Selan & Tarhan, 2015).

The power of the purse, enshrined as a financial principle in constitutions, is vested in the citizens within representative democracies. The exercise of this right by the legislative body is also conditioned by the right to amend the draft or proposed budget on behalf of the people during debate, validation, and approval. In the current administrative system, the right to the budget in democratic regimes is organized around four steps (Edizdoğan & Çetinkaya, 2023):

- i. The approval of public revenues by the legislature, granting the revenue section of the budget legal status,
- ii. The approval of public expenditures by the parliament, giving the expenditure section of the budget legal status,
- iii. The annual acceptance of revenue and expenditure estimates by the legislature,
- iv. The auditing of the budget after its implementation within the framework of accountability.

1.2.1. What is the Significance of the Magna Carta in the Establishment of the Power of the Purse?

Among the key milestones in establishing the power of the purse are the signing of the Magna Carta in 1215, the Petition of Right in 1627, the Bill of Rights in 1689, and the French Revolution in 1789. The first step toward securing the power of the purse was taken with the Magna Carta (Great Charter of Liberties), accepted in 1215. Magna Carta was signed on June 15, 1215, and it was a compromise between England's King John and the barons. It is regarded as one of the earliest charters to define the limitations of royal power and to affirm the rule of law (Stenton, 2025).

Historically speaking, the Magna Carta was the product of conflict between King John and the barons because, at the time, the people were full of resentment due to the heavy tax burden and the violation of the barons' rights by King John. The barons united and rebelled against the king, thus forcing King John to negotiate and sign the Magna Carta. Therefore, the document marked a significant turning point in the history of England, where the barons were able to establish certain rights and limit the monarch's power (Alexander, 2015).

Figure 1.3.

Representation of the Magna Carta Libertatum



Note. The image was created using AI.

The Magna Carta Libertatum also laid the foundations of the English Constitution and influenced other constitutions. It was rewritten in 1217, 1225 and 1297; each time, it was a new, separate document. However, the original one

was still significant for people's rights and freedoms, so it remained a significant document. Therefore, it was highly regarded by many, and its impact was significant. Today, original copies of the Magna Carta are displayed at the British Library in England. The document is still considered a part of the English legal system and forms the foundation of the principle of the rule of law. The Magna Carta is recognized globally in England as a powerful symbol of democracy and the rule of law. Its fundamental principles include (Carpenter, 2015):

i. Rule of law: The document meant that the king was not above the law, which meant he could not do as he pleased. Laws applied to everyone because they were universal and applied to all individuals. Thus, laws were the same for the king and his subjects.

ii. Right to a fair trial: The Magna Carta declared that no one could be punished without a fair trial, and this principle has been a cornerstone of modern democracy.

iii. Taxation rights: The Magna Carta emphasized that the king needed approval to collect taxes from citizens by emphasizing that the representatives should have a say in taxation matters.

iv. Freedoms and rights: The Magna Carta safeguarded the freedoms and rights of individuals.

This charter, which was the first document to limit the powers of the king, included the following provision in its 12th article: "*No scutage nor aid shall be imposed in our kingdom, unless by the common counsel of our kingdom, except for ransoming our person, for making our eldest son a knight, and for marrying our eldest daughter only once; and for these purposes, there shall be only a reasonable aid.*" The Magna Carta stated that the people's representatives had to consent to taxes, and kings continued to violate this principle (Aktan & Vural, 2004; Öner, 2008). The Petition of Rights was enacted in 1628 because the kings continued to violate the principle stated in the Magna Carta. Therefore, it was a significant document. This petition included the clause: "*We do therefore humbly pray your most excellent Majesty, that no man hereafter be compelled to make or yield any gift, loan, benevolence, tax, or charge without common consent by act of Parliament...*" (Petition of Right, 1628). It was a plea to prevent kings from arbitrarily generating revenue.

The Declaration of Independence in America similarly declared that no taxation could be imposed without consent. At the same time, the 1789 Declaration of the Rights of Man and of the Citizen in France ended the practice of unlimited and arbitrary taxation in the country (Declaration of the Rights of Man and Citizen, 1789). These improvements laid the foundations for giving the government authority to spend and raise revenue for the coming year in the form

of the modern budget, and this development was crucial for the government's financial planning.

1.2.2. How is the Power of the Purse Regulated in the 1982 Constitution of the Republic of Türkiye?

The principles of budget are a set of rules to be followed throughout the budget lifecycle.

Türkiye provides a budget, and the constitution states that public funds should be allocated as an annual budget. Therefore, the 1982 Constitution of Türkiye, Article 161, is relevant to this topic. In Türkiye, the power of the purse is protected as a constitutional right, and it is stipulated that public administrations' expenditures must be carried out through annual budgets (Güngör Göksu, 2024). Article 161 of the 1982 Constitution of the Republic of Türkiye is designed to ensure the transparency and accountability of the budget process. The constitution regulates the processes related to the beginning of the fiscal year and the preparation, implementation, and oversight of the budget. It stipulates that the budget law may only include provisions related to financial matters (Kara, 2022). The President submits the budget proposal to the Grand National Assembly of Türkiye at least 75 days before the beginning of the fiscal year, and the Budget Commission reviews the proposal. To ensure the disciplined execution of the budget process, members of Parliament are not allowed to propose measures that would increase expenditures or reduce revenues.

The oversight and accountability of the budget process are ensured through the final account law and the role of the Turkish Court of Accounts (Köse, 2022). The final account law proposal is submitted to the Parliament by the President no later than six months after the end of the relevant fiscal year, and the Court of Accounts submits its general compliance statement to the Parliament within 75 days. This process ensures that the budget is being followed up and monitored; hence, the parliament and people's control of the budget is crucial at all stages. Thus, the power of the purse functions in Türkiye as a democratic practice because the budget is being followed up and monitored. Therefore, the parliament and people's budget control is crucial at all stages (Yılmaz & Biçer, 2010).

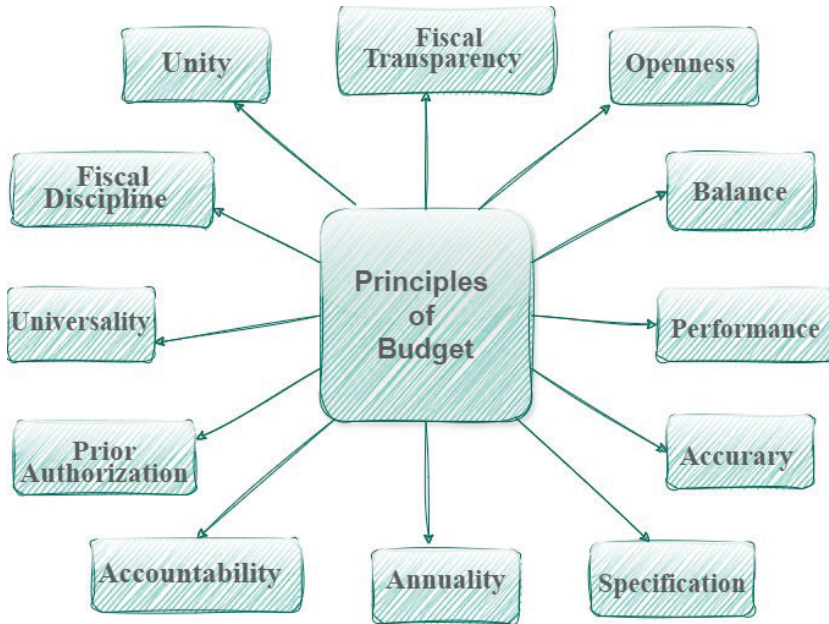
1.3. Principles of Budget

Budget principles are the rules applied during budgets' preparation, approval, implementation, and oversight stages. All these principles can help ensure the management of public resources in a country or institution effectively, efficiently, and economically. They can also guarantee that budgets are prepared and implemented transparent, realistic, and lawful in maintaining fiscal discipline,

supporting economic stability, ensuring the proper and fair allocation of public resources, and fostering public trust (Edizdoğan & Çetinkaya, 2023; Mutluer et al., 2018). While classical economists adhered strictly to these rules, modern economists have adopted a more flexible approach to following budget principles.

Figure 1.4

Budget Principals



Note. Prepared by the author based on Edizdoğan & Çetinkaya (2023).

1.3.1. Principle of Universality

The principle of universality means that the budget should include all revenues and expenditures, and no revenue or expenditure should be excluded from the budget. In other words, it involves public finances and ensures that all revenues and expenditures are reflected in the budget. The principle of universality, also referred to as “Treasury Unity,” is based on two fundamental elements (Tügen, 2019).

i. Gross method means presenting all revenues and expenditures in the budget as gross amounts. According to this method, no revenue should be offset against expenditures, nor should any expenditure be offset against revenues. In other words, revenues and expenditures must be shown separately in the budget without deducting one from the other.

ii. Non-allocation method means that public revenues should not be allocated to specific public expenditures. According to this principle, all public revenues, regardless of their sources, are pooled together and used collectively to cover all government expenditures without assigning specific revenues to particular expenses.

In practice, there are certain exceptions to the principle of universality. These include revolving fund revenues, special revenue-special appropriation practices, revenues from public economic enterprises, intra-budgetary and extra-budgetary funds, and conditional donations and grants.

1.3.2. Principle of Unity

The principle of unity essentially refers to the unity of the budget. According to this principle, all state revenues and expenditures should be presented within a single budget and managed centrally. The term “unity” corresponds to consolidation, meaning that although public service units may prepare their budgets in practice, they must be consolidated and executed under a single unified budget. The principle of unity also complements the principle of universality. Therefore, applying the universality principle alone is insufficient; ensuring budget unity is also necessary (Edizdoğan & Çetinkaya, 2023).

While the universality principle aims to prevent expenditures without appropriations, the unity principle aims to gather revenues and expenditures into a single document, providing formal benefits. In practice, there are certain exceptions to the principle of unity. These include social security institution budgets, local administration budgets, revolving fund revenues, revenues from public economic enterprises, extra-budgetary funds, investment budgets, and national budgets.

1.3.3. Principle of Openness and Fiscal Transparency

The principle of openness refers to public accessibility of all budget-related documents and accounts; in other words, it involves sharing all documents with the public throughout the entire budgeting process, from preparation to auditing. An example of the openness principle is the publication of budget laws in the official gazette (Mutluer et al., 2018).

The principle of fiscal transparency, on the other hand, is the modernized version of the openness principle. Accordingly, fiscal transparency involves conducting the processes of collecting, spending, and managing public resources in an open, understandable, accessible, and auditable manner (Aktan & Vural, 2004). Article 7 of Law No. 5018 explains the principle of fiscal transparency as follows: “*In order to ensure supervision in the acquisition and utilization of all types of public resources, the public shall be informed timely.*” In line with this legal

regulation, the following are compulsory:

- a) To clearly define the duties, authorities and responsibilities,*
- b) To prepare government policies, development plans, annual programs, strategic plans and budgets, to negotiate them with the authorized bodies, to implement them and to make the implementation results and the relevant reports available and accessible to the public,*
- c) To publicize the incentives and subsidies provided by the public administrations within the scope of general government, in periods not exceeding one year,*
- d) To establish public accounts in line with a standard accounting system and an accounting order in accordance with generally accepted accounting principles.”*

Exceptions to the principle of openness and fiscal transparency include confidential appropriations (discretionary funds) and contingency appropriations.

1.3.4. Principle of Balance

The principle of equilibrium refers to the balance between revenues and expenditures (Yüksel, 2022). This principle was strictly applied in classical public finance, and maximum care was taken to ensure that ordinary revenues equalled ordinary expenditures. According to classical economists, budget equilibrium required that budget expenditures be covered by ordinary revenues such as taxes, duties, fees, and similar sources, and they opposed government borrowing. However, some classical economists approached borrowing from the perspective of the “golden rule”¹ (Tüğen, 2019).

In modern public finance, it is acknowledged that strictly applying budget equilibrium as proposed by classical economists is not feasible. Instead, the primary objective is recognized as supporting economic growth, development, and stability through public revenue and expenditure policies. Modern economists have adopted the principle of economic equilibrium (Altuğ, 2019). Therefore, they do not oppose government borrowing; instead, they advocate that borrowed funds should be utilized in ways that support public finance objectives.

¹ The golden rule states that public borrowing can only be used for public investment expenditure. In contrast, current expenditures (e.g. salaries, social assistance, daily administrative expenses) must be financed entirely from tax and other regular public revenues. Furthermore, this view argues that regular revenues should also cover principal and interest payments on borrowed funds.

Figure 1.5

Representative of a Balanced Budget



Note. The image was created using AI.

1.3.5. Principle of Annuity

The principle of annuity refers to the concept that budget appropriations need to be utilized within one fiscal year, and any unused appropriations expire at the end of that year, meaning they cannot be carried over to the following year (Edizdoğan & Çetinkaya, 2023). Although budgets today are approved annually by legislative bodies, they have begun to be prepared within a multi-year budgeting framework, typically covering a three-year period (Yüksel, 2022).

In line with modern public finance practices, many countries have adopted multi-year budgeting approaches, extending the budgeting process beyond a single fiscal year to encompass multiple years. This approach has been developed to provide that public resources are utilized more effectively, efficiently and economically, and also aligned with long-term objectives. Multi-year budgeting typically covers periods, ranging from three to five years, and is implemented in harmony with strategic planning in public finance (Franek, 2012).

Figure 1.6*Budget Meeting of the Turkish Grand National Assembly*

Note. Parliament's 2025 Budget Discussion. October 18, 2024. From Anadolu Agency (2024).

Exceptions to the principle of annuality include temporary budgets, conditional donations and grants, lease agreements, long-term investments, principal and interest payments on borrowed funds, and changes to the fiscal year's start date.

1.3.6. Principle of Prior Authorization

The principle of prior authorization refers to the requirement that budget proposals need to be discussed and approved by the legislative body representing citizens before they are implemented.

Also called *preliminary approval*, this principle means that the legislature allows the executive branch to collect money and spend it in the next fiscal year according to the budget law (Mutluer et al., 2018). In other words, it enables the executive to implement its plans and programs for the coming year. Consequently, no revenue can be collected and no expenditure can be made without legislative approval (European Commission, 2016). Exceptions include the budgets of social security institutions, local administrations, and other public institutions and organizations, which are approved by their own authorized bodies.

1.3.7. Principle of Accuracy

The principle of accuracy refers to making budget revenue and expenditure estimates sincerely (subjective accuracy) and correctly (objective accuracy). Subjective accuracy means that the actual figures realized after budget implementation should align closely with the estimated revenues and expenditures (Yüksel, 2022). In other words, the estimated revenue and expenditure figures included in budget laws should match or closely approximate the actual realized

figures. Objective accuracy means that budget revenue and expenditure estimates should be consistent with the country's prevailing economic conditions. For example, in a highly inflationary environment, deliberately overstating public expenditure estimates or understating public revenue estimates would violate the principle of objective accuracy. In short, budget figures should neither be overly optimistic nor pessimistic; instead, they should be determined rationally (Edizdoğan & Çetinkaya, 2023; Tüğen, 2019).

1.3.8. Principle of Specification

The specification principle (allocation) refers to allocating appropriations from the budget specifically for providing public goods and services. According to this principle, expenditures for public goods and services must be estimated regardless of whether the budget's estimated revenues are collected. The principle of specification is implemented in three ways (Edizdoğan & Çetinkaya, 2023):

- i. Specification* involves a detailed classification of budget revenues and expenditures according to their types, characteristics, and intended purposes, with each item allocated to a specific objective.
- ii. Specification by quantity* involves clearly, explicitly, and precisely determining the amounts of revenues and expenditures in the budget and presenting these amounts numerically within the budget.
- iii. Specification by time* involves allocating budget revenues and expenditures for one fiscal year or period. It also provides that they are utilized exclusively within that timeframe. This principle means that the budget is limited to a defined period, and expenditures are carried out within this duration.

1.3.9. Principle of Performance

The principle of performance, developed within the modern public finance approach, is sometimes explained under the principle of economy in various sources; however, this expression alone is not considered sufficient because performance encompasses not only the principle of economy but also represents the principles of effectiveness and efficiency (Mutluer et al., 2018). The principle of performance involves preparing the budget based on specific objectives and outcomes to ensure the effective, efficient, and economical use of public resources.

According to the relevant principle, the budget should not only specify the amounts of revenues and expenditures but also clearly define the intended outcomes and performance indicators associated with these expenditures. It aims to support that public expenditures are goal-oriented and result-oriented (Demirbaş & Çetinkaya, 2018). Furthermore, it enhances effectiveness and efficiency, measures outcomes via performance indicators, and promotes accountability and transparency. Thus, it focuses on optimizing the use of public resources and

ensuring that expenditures yield tangible benefits.

1.3.10. Principle of Accountability

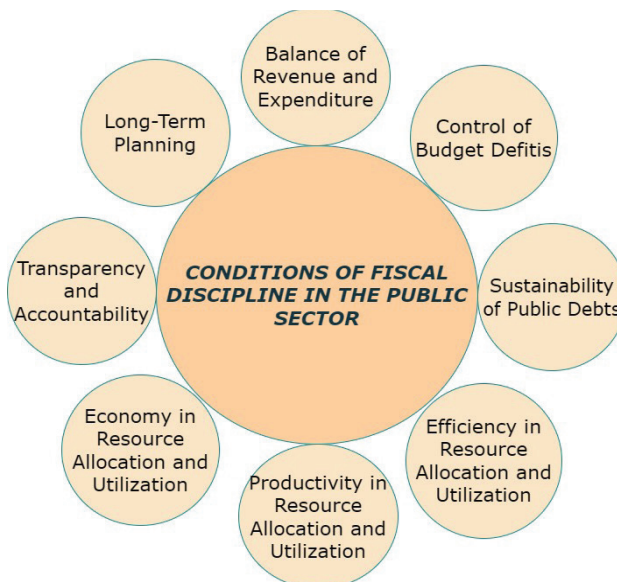
According to Article 8 of Law No. 5018, the principle of accountability is defined as follows: “*Those who are assigned duties and vested with authorities for the acquisition and utilization of public resources of any kind are accountable vis-à-vis the authorized bodies and responsible for the effective, economic and efficient acquisition, utilization, accounting and reporting of the resources on the basis of law, as well as for taking necessary measures to prevent abuse of such resources.*” Thus, individuals who utilize public resources must be able to respond to relevant authorities regarding their financial and administrative activities while exercising their powers and responsibilities, act in accordance with criticisms and recommendations directed at them, and assume responsibility in cases of failure or irregularities.

1.3.11. Principle of Fiscal Discipline

Fiscal discipline is one of the fundamental principles that helps the balanced, planned, and sustainable management of public revenues and expenditures. Its goals are to provide effective and efficient use of public resources, control budget deficits, and maintain public borrowing at sustainable levels. By controlling public expenditures, fiscal discipline plays a critical role in preserving economic stability and ensuring the long-term sustainability of public finances (Kumar & Ter-Minassian, 2007).

Figure 1.7

Conditions of Fiscal Discipline



1.3.12. In Which Legislation are Budget Principles Regulated in Türkiye?

When evaluated specifically for Türkiye, according to Article 161 of the Constitution of the Republic of Türkiye: *“Expenditures of public administrations and public legal entities, excluding public economic enterprises, shall be made through annual budgets. ... The President shall submit the budget bill to the Turkish Grand National Assembly at least seventy-five days before the beginning of the fiscal year. The budget proposal shall be discussed in the Budget Committee. The text adopted by the Committee within fifty-five days shall be debated in the General Assembly and finalized before the beginning of the fiscal year. ... The appropriation provided by the central government budget indicates the limit of the amount that can be spent. No provision can be included in the budget law allowing this limit to be exceeded by presidential decree. ... The central government final account bill shall be submitted by the President to the Turkish Grand National Assembly no later than six months after the end of the relevant fiscal year. The Court of Accounts shall submit its general conformity statement to the Assembly no later than seventy-five days after the submission of the relevant final account bill.”*

These paragraphs establish the principles of annuality, prior authorization, accountability, and fiscal discipline. Additionally, budget principles are comprehensively explained in Article 13 of the Public Financial Management and Control Law No. 5018. Accordingly, *“Article 13- Following principles shall apply to the preparation, implementation and control of the budgets:*

- a) In the preparation and implementation of the budgets, it is essential to ensure macroeconomic stability together with sustainable development.*
- b) The spending authority vested to public administrations with the budget shall be exercised with a view to perform the duties and services stipulated in the laws.*
- c) The budgets shall be prepared, implemented and controlled in conformity with the policies, targets and priorities envisaged in the development plans and programs, and according to the strategic plans, performance criteria and cost-benefit analysis of the administrations.*
- d) Budgets shall be negotiated and evaluated together with the budget estimations of the next two years by considering strategic plans.*
- e) (Amendment: 22/12/2005-5436/10 art.) The budget shall provide a comprehensive and transparent view of the public fiscal operations.*
- f) All revenues and expenditures shall be indicated in the budgets with their gross values.*
- g) It is essential not to allocate certain revenues for some specific expenditure.*
- h) It is essential to ensure revenue and expenditure balance in the budgets.*

i) Budgets cannot be implemented unless they are accepted or approved by the Turkish Grand National Assembly or by the authorized bodies before the beginning of the relevant year.

j) Budgets shall not contain issues irrelevant to the budget.

k) Budgets shall be prepared and implemented based on a program structure, in accordance with a classification determined by the Presidency in line with international standards, in a way that ensures the visibility of institutional and economic results.

l) In the reporting of budget revenue and expenditure estimates as well as implementation results, clarity, accuracy, and fiscal transparency shall be essential.

m) All revenues and expenditures of public administrations shall be indicated in their budgets.

n) Public services shall be provided with appropriations to be allocated to the budgets in accordance with the methods, principles and purposes set forth by the legislation.

o) In the budgets, appropriations shall be allocated to accomplish specific purposes”.

Article 13 of Law No. 5018 establishes the principles of fiscal discipline, allocation, performance, multi-year budgeting, fiscal transparency, universality (gross budgeting and non-allocation), clarity, balance, prior authorization, accountability as well as accuracy.

1.4. Budget Awareness and Literacy

Budget awareness and budget literacy are not opposing concepts; rather, they complement each other.

In the literature, budget awareness is defined as a citizen's awareness and interest regarding state budget issues as outlined in the constitution and other laws, having sufficient knowledge about public revenues and the public services these revenues finance, and closely following budgetary developments. Accordingly, to state that a citizen possesses budget awareness, the citizen should (Güngör Gökso, 2020):

- i. Be aware of and interested in state budget issues,
- ii. Have sufficient knowledge about laws regulating the state budget,
- iii. Recognize the power of the purse and understand that this right belongs to citizens,
- iv. Be adequately informed about public revenues and expenditures,

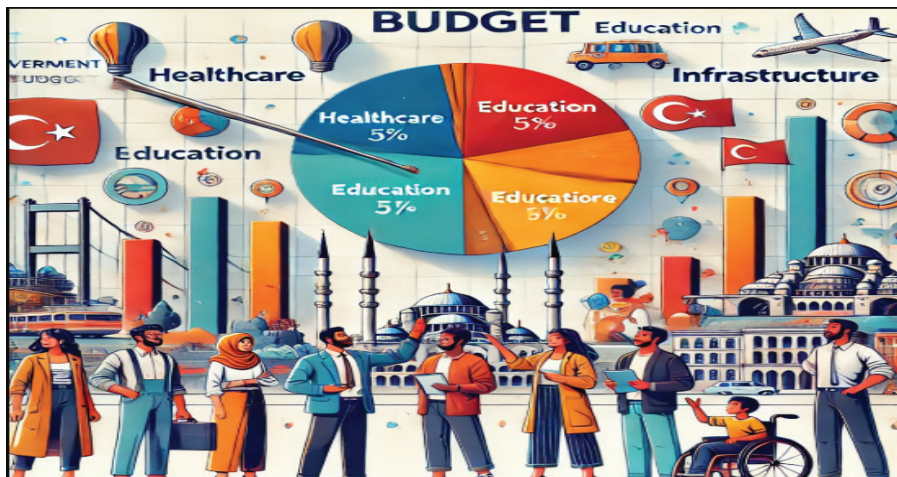
- v. Be able to track appropriations aimed at meeting societal needs,
- vi. Know and follow budget processes,
- vii. Be aware of and monitor citizen-oriented budget developments, e.g. Citizen's Budget Guide and Citizen's Final Account Report.

Citizen awareness regarding state budget issues is crucial from individual and societal perspectives (Nicol, 2024). Since the state budget illustrates how public resources are collected and spent, citizens' understanding of these processes enables them to question where their taxes are allocated and how public services are financed. Budget awareness allows citizens to follow public spending more attentively, question instances of waste or inequitable allocation, and call for greater transparency in government practices. Furthermore, individuals with adequate awareness of budgetary issues are critically able to assess economic policies and take an active role in politics (Güngör Göksu, 2020).

Budget literacy refers to the ability of citizens to read, interpret, and make sense of public budgets to support more meaningful participation in budgetary processes (Masud et al., 2017). In other words, being literate in matters of the state budget goes beyond simple awareness; it involves the practical skills needed to apply this knowledge. It includes skills, such as analysing public budgets, interpreting financial statements, and evaluating the broader societal impacts of budget policies. This capability involves a technical understanding of public budgets and the competence of citizens to engage in the budgeting process actively (Hidayat & Tauhid, 2022).

Figure 1.8

Representative of Citizens with Budget Awareness and Literacy



Note. The image was created using AI.

Though not identical concepts, budget awareness and budget literacy reinforce one another in practice. When people are familiar with both, they are more likely to question how public money is spent and to expect greater openness from those in charge. These abilities also make it easier for citizens to join in conversations about the budget, which is essential for a healthy democracy. Moreover, when voters grasp these issues, they can better weigh the possible effects of government spending and fiscal policies on their lives. This situation helps them make more thoughtful decisions in elections.

Table 1.1

Comparison of Budget Awareness and Budget Literacy

	Budget Awareness	Budget Literacy
Definition and Characteristics	<ul style="list-style-type: none"> • Understanding the revenues and expenditures of the state budget, • Knowing how public resources are collected and spent • Awareness of questioning tax expenditures • Awareness of demanding transparency and accountability 	<ul style="list-style-type: none"> • Analysing and practically utilizing state budget information • Interpreting financial statements • Evaluating the societal impacts of budget policies • Effectively managing public finance processes and supporting sustainability
Purpose	Citizens' understanding of how public resources are utilized and their demand for transparency.	Citizens' active participation in budget processes and their ability to make informed decisions.

Note. From GÜNGÖR GÖKSU (2020); Hidayat & Tauhid (2022); Masud et al. (2017).

Consequently, all efforts to improve citizens' budget awareness and literacy can contribute to the United Nations Sustainable Development Goals (SDGs), particularly Goal 16, "Promoting Peaceful and Inclusive Societies for Sustainable Development," and specifically its sub-targets 16.6, 16.7, 16.8, and 16.10. These targets aim to promote peaceful and inclusive societies for sustainable development, ensure access to justice for all, and build effective, accountable, and inclusive institutions at all levels (United Nations, 2015).

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CHAPTER TWO

LIFE CYCLE OF THE STATE BUDGET

2.1. Processes of the State Budget

The state budget has a life cycle.

The public budget is the common wallet of society, representing the allocation of financial resources generated through taxes, fees, and other public revenues collected from all individuals living in a country, and spent in consideration of public interest. Since it is society's common wallet, the resources in the budget belong to society, not to individuals. Everyone contributes (e.g., by paying taxes), and everyone benefits (e.g., from justice and education services). In this context, the needs of the society are fulfilled through services provided by public institutions via their budgets.

Depending on whether the public goods and services are fully public (e.g., justice, security), quasi-public (e.g., healthcare), or private goods (e.g., a meal eaten at a municipal restaurant), different public production units are needed. As a financing tool for the production of goods and services within the public economy—formed by these production units—the public budget is composed of the combined budgets of institutions providing public services.

As in many other countries, the public sector in Türkiye that comprises these production units has a multi-component and complex structure. Each component has different duties and authorities regarding the provision of public services and the management of public resources, and they all operate with separate budgets. In Türkiye, public institutions are generally classified into two groups:

- Public administrations within the scope of general government
- Public administrations outside the scope of general government

The degree to which the benefits of goods and services produced by institutions within the general government can be divided among individuals varies. All institutions and activities that serve the common good of society—such as central government (the state, universities), local governments (municipalities and provincial special administrations), and social security institutions—are included under the concept of “public.”

Public institutions outside the general government provide goods and services whose benefits can be fully divided and accessed only by those who pay a public price. These institutions function more like economic public enterprises (e.g.,

State Economic Enterprises). The budgets of both public administrations within and outside the general government come together to form the broader and more inclusive fiscal term known as the “public budget.”

Public Sector = General Government (Central Government + Local Governments + Social Security Institutions) + State-Owned Enterprises (SOEs) + Funds (e.g., Türkiye Wealth Fund) + Other Public Institutions (e.g., Turkish Radio and Television Corporation -TRT, Central Bank of the Republic of Türkiye)

When defining the state, one option is to use a broad definition such as “the politically organized form of the people” (e.g., the Republic of Türkiye). Another option is to adopt a narrower definition, referring specifically to the central structures that exercise public authority through the legislative, executive, and judicial branches. Under this narrower definition, local administrations and social security institutions fall outside the scope of the state. In that case, what is actually being defined is not the entire public administration, but merely the **central government**. Therefore, the **public budget** is a broader concept that not only includes the state (central government) budget, but also encompasses the budgets of municipalities, provincial special administrations, social security institutions, and other public entities.

The Law No. 5018 on Public Financial Management and Control, which determines the foundation and framework of the public financial management and control system in Türkiye and is often referred to as the “financial constitution” of the management system, places special emphasis on the public budget from a broader perspective. This Law not only covers public administrations within the scope of the central government but also includes social security institutions and all local administrations.

Article 3, paragraph (f) of Law No. 5018 defines the budget as: “A document showing the estimates of revenues and expenditures for a certain period and the matters related to their implementation, duly enacted.” In this financial constitution, the budget is first approached as a document. However, later in Article 15 of the same Law, the central government budget law is defined as:

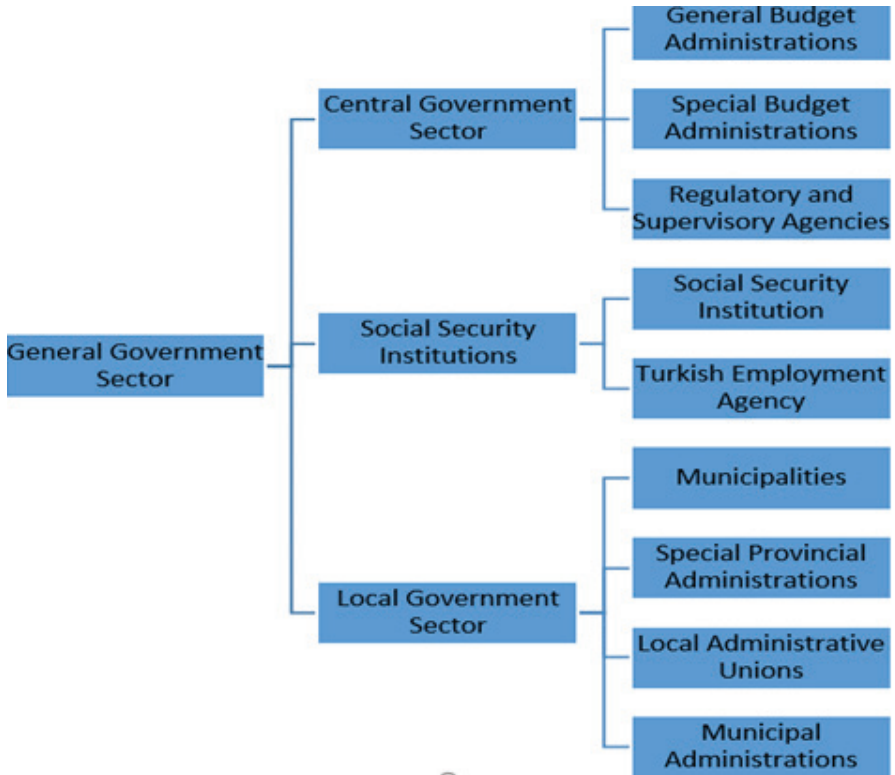
“A law that shows the revenue and expenditure estimates of public administrations within the scope of the central government and authorizes and permits their implementation and execution.”

Public administrations within the scope of the central government include the general budget administrations, special budget administrations, and regulatory

and supervisory institutions, as shown below.

Figure 2.1

Public Administrations within the Scope of General Government in Türkiye



Note. Prepared based on Article 3 of Law No. 5018 on Public Financial Management and Control.

The budgets of public administrations within the scope of central government—namely, General Budgetary Administrations (e.g., Ministries), Special Budgetary Administrations (e.g., Universities), and Regulatory and Supervisory Agencies (e.g., Capital Markets Board, Competition Authority)—come together to form the Central Government Budget. The central government budget, which requires approval by the legislative body—the Grand National Assembly of Türkiye—is enacted as a law. In contrast, the budgets of social security institutions and local administrations are not laws in a formal legal sense. For example, the budget of the Istanbul Metropolitan Municipality is approved by the Istanbul Metropolitan Municipal Council. Prepared based on Law No. 5393 (Municipal Law) and Law No. 5216 (Metropolitan Municipality Law), it becomes effective once approved

by the municipal council alone. Since it does not require approval by the Grand National Assembly of Türkiye, the legal nature of the Istanbul Metropolitan Municipality's budget is considered a council decision, not a law.

On the other hand, the central government budget is a law. The budget law, approved by the Grand National Assembly of Türkiye, differs from other laws in terms of its preparation, approval, implementation, and audit phases, and in terms of its unique legal characteristics (Akbey, 2020). For instance, the budget law is applicable for a specific fiscal year, during which estimated revenues and expenditures of the state are projected in advance. Unlike other laws, budget laws include estimations, are renewed annually, and expire after one year. According to the 1982 Constitution, only members of parliament are authorized to propose laws; however, when it comes to the central government budget law, only the President is constitutionally authorized to submit it. In this regard, the central government budget is a special type of law and follows its own life cycle.

The life cycle of the state budget consists of a series of stages that cover the planning and preparation, approval, implementation, and audit of public revenues and expenditures within a fiscal year. This process is one of the cornerstones of public financial management and is critically important in terms of transparency, accountability, and efficient use of resources. Therefore, the purpose of this section is to inform citizens about the life cycle of the state budget. Within this framework, the processes of budget planning and preparation, followed by approval, implementation, and audit, are explained.

2.1.1. Components of the State Budget

The state budget is a document prepared and implemented within a defined legal framework in public finance. It is a politically vital document that demonstrates the state's authority to collect and spend financial resources, gains legal legitimacy through the approval of the legislature, and reflects society's priorities and policies. These elements, which we can call the "4 Ts" because they all begin with the letter T in Turkish, are (Edizdoğan & Çetinkaya, 2023):

- Estimate (Tahmin)
- Limitation (Tahdit)
- Approval (Tasdik)
- Equilibrium (Tevzin)

The expected revenues and expenditures for the upcoming year are estimated in advance, showing how much revenue the state will collect and which expenditures will be made within a fiscal year (Estimation). The budget typically presents annual projections. The fiscal year is the specific period for which the state budget is prepared and implemented (Limitation). The prepared budget only

takes effect after being approved and enacted by the Grand National Assembly of Türkiye (Approval). For instance, the 2025 budget prepared by the Presidency cannot enter into force without the approval of the Grand National Assembly of Türkiye. Revenue and expenditure projections in the budget must be balanced (Equilibrium). Budget balance does not necessarily mean numerical equality of income and expenditure but rather accounting equilibrium. In other words, all expenditures must be covered by realizable income sources, and if there is a deficit, it must be financed through legally defined methods.

All these components ensure that the state budget is not just a technical document, but also a legal obligation and a political mandate. The budget is not merely a collection of numbers and financial accounts. It is also a technical tool for fiscal planning, resource allocation, and expenditure management, prepared with details such as revenue and expenditure forecasts, and spending limits. The budget must comply with legal rules and be approved by the legislative body. Hence, it functions as a legal document—expenditures can only be made within the limits defined by the budget law. The budget provides a legal framework for the financial transactions of the state.

The budget also represents the spending authority granted by the legislature to the executive. By approving the budget, the Grand National Assembly of Türkiye authorizes the government to use public resources. In this respect, the budget is a political expression of the state's fiscal policies and priorities. Decisions on how and where public resources will be used are shaped by political choices. Therefore, beyond being a tool for financial planning and accounting, the state budget is also a political document that fulfills legal obligations and embodies the public finance authority of the political will.

Public institutions must obtain the authority to implement their budgets before the start of the fiscal year. That is, authorization to collect revenues and make expenditures must be granted through the budget. Without budget approval, tax collection is not legally permitted, even if tax laws are in force. Likewise, if no appropriation is allocated for a particular expenditure, spending cannot take place—even if the treasury has sufficient cash. This shows that the budget is a document that grants the state legal authority both to collect revenue and to make expenditures.

A public institution may only implement its budget within the scope and limits approved by the competent authority. Based on this authority, public activities begin, expenditures are made, revenues are collected, and all transactions are duly recorded throughout the fiscal year. At the end of the fiscal year, an accountability process begins. Institutions must report to the authority that originally granted the budgetary approval, explaining the revenues collected and expenditures made.

Planning, preparing, authorizing, implementing, and auditing the budgets of public institutions is a process repeated every year, known as the budget process (Altuğ, 2019). The state budget is like a recurring life cycle that takes place annually. This cycle consists of the preparation of the budget, its review and approval by the legislature, its implementation throughout the year, and its audit at the end of the period. Whether or not societal expectations and needs are met largely depends on how the budget is implemented throughout this process. Therefore, the state budget should be seen not only as a financial document but also as a dynamic process that reflects evolving political and administrative decisions.

2.1.2. Preparation Phase of the State Budget

The first stage of the government budget's life cycle is the preparation phase.

In the first phase of the state budget's fundamental life cycle, the allocation of resources is determined through the planning of revenue and expenditure estimates, that is, the preparation of the budget. During the preparation phase, the state's estimated revenues and expenditures are determined and balanced before being submitted to the approving authority. According to Article 88 of the 1982 Constitution, the authority to propose laws belongs exclusively to members of parliament. However, Article 161 of the Constitution states that "the central government budget bill must be submitted to the Grand National Assembly of Türkiye by the President at least seventy-five days before the start of the fiscal year." Therefore, according to our Constitution, the authority to prepare and submit the budget bill proposal is granted to the executive branch, namely the President.

Article 16 of Law No. 5018 states that while the Presidency is responsible for preparing the central government budget bill proposal, it is also responsible for ensuring coordination among public administrations. The technical infrastructure for this task is managed by the Presidency's Directorate of Strategy and Budget. According to Law No. 5018, the preparation process of the central government budget begins with the publication of the approved Medium-Term Program (MTP) in the Official Gazette, which must be released no later than the end of the first week of September. This program includes development plans, strategic plans, and macroeconomic policies, principles, targets, and key economic indicators aligned with general economic conditions.

The Medium Term Program, prepared by the Strategy and Budget Directorate affiliated with the Presidency, serves as the starting point for public administrations in the budgeting process. It contains total revenue and expenditure estimates for the next three years, target deficits, borrowing status, and appropriation ceilings

proposed by public administrations. This program is the fundamental planning document outlining the government's economic goals, priorities, and policies, usually covering a three-year period. It includes projections not only relevant to the public sector but also for the private sector regarding growth, inflation, unemployment, public finance targets, and exchange rate forecasts for the upcoming three years.

Following the publication of the Medium Term Program, Article 16 of Law No. 5018 stipulates that the Presidency will issue a **Budget Call** along with the **Budget Preparation Guide**, and an **Investment Circular** with the **Investment Program Preparation Guide** to guide public administrations in preparing their budget proposals and investment programs. These documents must be published in the Official Gazette by September 15 at the latest. Based on the principles outlined in the Budget Call, Budget Preparation Guide, Investment Circular, and Investment Program Preparation Guide, public administrations prepare their appropriation proposals. These guides include the general principles to be followed, objective and measurable standards, calculation methods, sample tables and forms to be used, and other relevant information to ensure proper preparation of budget proposals.

Example: The preparation phase of the 2026 Central Government Budget begins with the publication of the Medium Term Program covering the years 2026-2027-2028, which is released in the first week of September 2025. Subsequently, the Budget Preparation Guide and the Investment Program Preparation Guide for the 2026-2028 period are published.

After public administrations prepare their revenue and expenditure estimates for the next three years, according to Article 17 of Law No. 5018, they are required to prepare their budget revenue and expenditure proposals with justifications, in accordance with their strategic plans and the principles set forth in the Budget Preparation Guide. These proposals must be signed by authorized officials and submitted to the Presidency no later than the end of September. Furthermore, Law No. 5018 states that after the budget proposals are submitted to the Presidency, meetings may be held with the authorized representatives of public administrations to discuss the revenue and expenditure proposals. Based on the provisions of the aforementioned articles of Law No. 5018, the budget preparation process is summarized in the table below.

Table 2.2*Documents Involved in the Preparation Phase of the State Budget*

Prepared Documents	Preparing Institution	Date
Medium-Term Program	Presidency (Strategy and Budget Office)	Published in the Official Gazette by the end of the first week of September
Budget Call & Budget Preparation Guide (annex)	Presidency (Strategy and Budget Office)	Published in the Official Gazette by September 15
Investment Circular & Investment Program Preparation Guide (annex)	Presidency (Strategy and Budget Office)	Published in the Official Gazette by September 15
Budget revenue & expenditure proposals of public administrations	Public administrations within the scope of central government	Submitted to the Presidency by the end of September

Note. Prepared based on Article 3 of Law No. 5018 on Public Financial Management and Control.

The final form of the budget proposal prepared by the public administrations within the scope of the central government is determined by the Presidency. At the Presidency's Directorate of Strategy and Budget, budget proposals submitted by public administrations are reviewed to ensure they comply with the principles and standards outlined in the Budget Call and Budget Preparation Guide (Mutluer et al., 2018). Additionally, it is verified whether the appropriation requests have sufficient legal basis and economic justification. According to Article 18 of Law No. 5018, the documents to be attached to the Central Government Budget Bill are as follows:

- Budget Statement, including the Medium-Term Program rationale,
- Annual Economic Report,
- Schedule of Public Revenues Foregone due to tax exemptions, exceptions, reductions, and similar measures,
- Public Debt Management Report,
- Budget Realizations and Estimates for general-government administrations: actuals for the last two years and revenue/expenditure forecasts for the following two years,

- Budget Estimates of local administrations and social security institutions,
- List of Non-Central-Government Entities Receiving Transfers from the central government budget (public administrations and other institutions/ organizations).

The preparation phase of the budget concludes when the central government budget is prepared by the President and submitted to the Grand National Assembly of Türkiye along with the documents listed above as part of the budget bill proposal. After this phase, the process of reviewing and approving the budget begins.

2.1.3. Review and Approval Phase of the State Budget

The second stage of the government budget's life cycle is the review and approval phase.

The review and approval phase of the budget begins when the central government budget is prepared by the President and submitted to the Grand National Assembly of Türkiye as a budget bill at least seventy-five days before the start of the fiscal year. All matters regarding the budget's consideration in the Grand National Assembly of Türkiye are regulated under Article 161 of the 1982 Constitution. According to this article, the President, as the executive authority, must submit the budget bill to the Grand National Assembly of Türkiye no later than October 17, taking the start of the fiscal year (calendar year) as the reference point.

Example: The 2026 Central Government Budget Bill, along with its annexes, must be submitted by the Presidency to the Grand National Assembly of Türkiye no later than October 17, 2025. One of the annexes includes the estimated revenue and expenditure figures for 2027 and 2028, which are also submitted to the Grand National Assembly of Türkiye.

Note: Information related to the annexes has been provided above in the budget preparation phase.

According to the Constitution, the Speaker of the Grand National Assembly of Türkiye refers the budget bill to the relevant committee for consideration. The Central Government Budget Bill, submitted to the Speaker of the Grand National Assembly of Türkiye by the Presidency, is first reviewed by the **Budget Committee** in accordance with Article 161 of the 1982 Constitution. The Budget Committee holds special importance as it is the only committee explicitly mentioned by name in the Constitution, aside from the Constitution and Justice Committees. According to Article 20 of the Rules of Procedure of the Grand

National Assembly of Türkiye (Law No. 584), there are a total of 16 committees. One of these committees is referred to as the **Plan and Budget Committee** in the Rules of Procedure.

Following the constitutional amendments approved by the referendum held on April 16, 2017, Article 161 of the 1982 Constitution no longer specifies the number of members for the Plan and Budget Committee. After the general elections held on June 24, 2018, and the effective transition to the “Presidential Government System,” the number of members of the Plan and Budget Committee, like other committees in the Grand National Assembly of Türkiye, began to be determined in accordance with the Rules of Procedure of the Grand National Assembly of Türkiye (Yılmaz & Akdeniz, 2020). Furthermore, the Committee is a specialized committee that makes decisions on proposals by a simple majority, as stipulated in the Rules of Procedure of the Grand National Assembly of Türkiye. According to these rules, a simple majority is defined as a majority not less than half of a specified number (Küçükaycan & Çelikay, 2019).

Example: In the 28th Legislative Term formed as a result of the May 14, 2023 elections, the Budget Committee was composed of thirty-one members. The committee included fifteen members from the Justice and Development Party group, seven from the Republican People’s Party group, three from the Peoples’ Equality and Democracy Party group, three from the Nationalist Movement Party group, two from the Good Party group, and one member from the New Way Party group.

The duties and authorities of the Plan and Budget Committee are regulated by the Constitution, Law No. 3067 on the Implementation and Preservation of the Integrity of Development Plans, Law No. 5018 on Public Financial Management and Control, and the Rules of Procedure of the Grand National Assembly of Türkiye. The Plan and Budget Committee reviews the following (Mecliste.org, 2025):

- Budget and final account bill drafts,
- Proposals and drafts that impose new burdens on the budget or reduce its burden,
- Proposals and drafts that introduce financial obligations such as taxes, contributions, fees, funds, etc.,
- Proposals and drafts related to privatization efforts,
- Proposals and drafts concerning staffing decisions and cancellations,
- Proposals and drafts regarding the personal rights of public personnel,

- Proposals and drafts related to the merger, establishment, or abolition of new public institutions,
- Proposals and drafts concerning social security.

Figure 2.2

Budget Meeting in the Plan and Budget Committee



Note. The image was generated using AI.

The Plan and Budget Committee, established by the Constitution with the primary function of reviewing budget and final account bill proposals, also examines proposals related to development plans, proposals that require increases or decreases in public expenditures or revenues, or proposals that include only certain articles with such characteristics, as well as other proposals referred to it by the Speaker of the Assembly. According to Article 161 of the 1982 Constitution, the review period for the budget bill proposal in the Plan and Budget Committee is limited to 55 days. Committee members may submit amendments to the budget proposal, and if these amendments are accepted, changes can be made to the proposal (Küçükaycan & Çelikay, 2019). The Committee reviews the budget proposals of institutions within the scope of the central government individually. Once the proposal is approved on a program basis and accepted with necessary changes, a committee report including the changes and annexes is prepared.

The committee report, prepared together with the amendments made to the budget bill proposal by the President, is submitted to the Speaker of the Grand National Assembly of Türkiye, initiating the process for consideration in the General Assembly. Following the 55-day technical review conducted by the Budget Committee, the approved budget bill proposal is placed on the agenda of the Grand National Assembly of Türkiye General Assembly. The budget bill debated in the General Assembly must be finalized before the beginning of the fiscal year.

Approximately a 20-day period (December 11–31) is allocated for discussions on the budget in the General Assembly. According to Article 62 of the Grand National Assembly of Türkiye Rules of Procedure, the budget presentation speech in the General Assembly may be delivered by the Vice President or a minister on behalf of the executive branch.

Example: The review and approval process of the 2026 Central Government Budget Bill begins when it is submitted to the Grand National Assembly of Türkiye by the Presidency no later than October 17, 2025. Subsequently, the Grand National Assembly of Türkiye Speaker refers the budget bill to the Plan and Budget Committee. After 55 days of deliberations in the Committee, the approved 2026 Central Government Budget Bill is placed on the agenda for consideration in the Grand National Assembly of Türkiye General Assembly after December 10, 2025.

According to Article 161 of the Constitution, members of the Grand National Assembly of Türkiye express their opinions on public administration budgets during the discussion of each budget in the General Assembly. According to the Constitution, members are not allowed to propose increases in expenditures or reductions in revenues. In the General Assembly, public administration budgets and their amendment proposals are read and voted on without further debate. Deputies cannot submit proposals that increase expenditures or decrease revenues. The review of the central government budget bill is also regulated under Article 19 of Law No. 5018. According to this article, the Grand National Assembly of Türkiye discusses and approves the text of the central government budget bill article by article, as well as the expenditure and revenue schedules by public administrations.

According to Article 75 of the 1982 Constitution, the Grand National Assembly of Türkiye consists of six hundred members elected by general vote. To pass the budget bill, it must receive a simple majority vote, which means at least half plus one of the members (at least 300+1 votes). The central government budget law must be published in the Official Gazette before the start of the fiscal year. The review and approval process of the state budget mentioned above is summarized in the table below, based on the 1982 Constitution and Law No. 5018.

Table 2.3*Review and Approval of the State Budget*

Document Prepared	Preparing Institution	Submitted To	Date
Central Government Budget Bill Proposal	Presidency (Strategy and Budget Office)	Presidency of the Grand National Assembly of Türkiye	No later than October 17 (75 days before fiscal year start)
Review of the Central Government Budget Bill Proposal in the Budget Committee			October 17 – December 11 (55 days)
Review and Voting on the Central Government Budget Bill Proposal in General Assembly of the Grand National Assembly of Türkiye			December 11 – December 31 (20 days)
Publication of the Central Government Budget Approved by General Assembly of the Grand National Assembly of Türkiye by the Presidency in the Official Gazette			No later than December 31
Entry into Force of the Central Government Budget Law at the Start of the Fiscal Year			January 1

Note. Prepared using Article 161 of the 1982 Constitution and Law No. 5018.

In the budget review and approval process mentioned above, if the budget bill proposal is not approved—meaning the required simple majority (at least 300+1 members) is not achieved and the proposal does not receive the necessary votes—according to Article 161 of the 1982 Constitution and Article 19 of Law No. 5018, a provisional budget law must be enacted if the central government budget law cannot be put into effect on time. If the provisional budget law also cannot be enacted, then until a new budget law is approved, the previous year's budget is applied with an increase based on the revaluation rate.

Prior to the constitutional amendment, it was already stipulated that a provisional budget law would be enacted if the central government budget law

could not be put into effect on time. However, following the constitutional amendment, a provision was added stating that if the provisional budget law cannot be enacted either, the previous year's budget will be applied with an increase based on the revaluation rate until a new budget law is approved.

After the central government budget is prepared by the President, submitted to the Grand National Assembly of Türkiye as a budget bill, reviewed, approved, and published in the Official Gazette, it becomes law. This also marks the completion of the budget approval phase. The next stage is the implementation of the budget.

2.1.4. Implementation Phase of the State Budget

The third stage of the government budget's life cycle is the implementation phase.

The third phase following the review and approval of the central government budget is the implementation phase. According to the 1982 Constitution, expenditures of public administrations and public legal entities other than state economic enterprises must be carried out through annual budgets. The implementation phase of the budget begins on January 1, the start of the fiscal year, and continues through December 31. During this phase, expenditures foreseen in the budget are executed, revenues are collected, and harmony between revenues and expenditures is ensured.

Example: Under the 2025 Central Government Budget Law, which outlines estimated revenue and expenditure figures, both revenue collection and expenditure execution take place within the fiscal year (January 1-December 31, 2025).

Figure 2.3

2025 Year Central Government Budget Law

31 Aralık 2024 SALI	Resmî Gazete	Sayı : 32769 (Mükerrer)
KANUN		
2025 YILI MERKEZİ YÖNETİM BÜTÇE KANUNU		
<u>Kanun No. 7535</u>		<u>Kabul Tarihi: 21/12/2024</u>
BİRİNCİ BÖLÜM		
Gider, Gelir, Finansman ve Denge		
Gider		
MADDE 1- (1) Bu Kanuna bağlı (A) işaretli cetvellerde gösterildiği üzere, 10/12/2003 tarihli ve 5018 sayılı Kamu Mali Yönetimi ve Kontrol Kanununa ekli;		
a) (I) sayılı cetvelde yer alan genel bütçe kapsamındaki kamu idarelerine 14.605.800.967.000 Türk lirası,		
b) (II) sayılı cetvelde yer alan özel bütçeli idarelere 1.360.241.455.000 Türk lirası,		
c) (III) sayılı cetvelde yer alan düzenleyici ve denetleyici kurumlara 68.362.485.000 Türk lirası,		
ödenek verilmiştir.		
Gelir ve finansman		
MADDE 2- (1) Gelirler: Bu Kanuna bağlı (B) işaretli cetvellerde gösterildiği üzere, 5018 sayılı Kanuna ekli;		
a) (I) sayılı cetvelde yer alan genel bütçenin gelirleri 12.670.431.309.000 Türk lirası,		
b) (II) sayılı cetvelde yer alan özel bütçeli idarelerin gelirleri 103.904.532.000 Türk lirası öz gelir, 1.261.017.478.000 Türk lirası Hazine yardımı olmak üzere toplam 1.364.922.010.000 Türk lirası,		
c) (III) sayılı cetvelde yer alan düzenleyici ve denetleyici kurumların gelirleri 66.810.249.000 Türk lirası öz gelir, 1.552.236.000 Türk lirası Hazine yardımı olmak üzere toplam 68.362.485.000 Türk lirası, olarak tahmin edilmiştir.		
(2) Finansman: Bu Kanuna bağlı (F) işaretli cetvellerde gösterildiği üzere, 5018 sayılı Kanuna ekli (II) sayılı cetvelde yer alan özel bütçeli idarelerin net finansmanı 197.100.000 Türk lirası olarak tahmin edilmiştir.		
Denge		
MADDE 3- (1) 1 inci maddenin birinci fıkrasının (a) bendinde belirtilen ödenekler toplamı ile 2 nci maddenin birinci fıkrasının (a) bendinde yer alan tahmini gelirler toplamı arasındaki fark, net borçlanma ile karşılanır.		

Note. The visual was created based on Law No. 7535.

According to the 2025 Central Government Budget Law No. 7535, published in the Official Gazette No. 32769 on Tuesday, December 31, 2024, total expenditures are estimated to be approximately 14.7 trillion TRY (Article 1), while revenues are projected to be around 12.8 trillion TRY (Article 2). These figures indicate a significant budget deficit of approximately 1.9 trillion TRY (Article 3).

Budget Law

Article 1: Expenditure Budget

Article 2: Revenue Budget

Article 3: Net Borrowing Revenue

According to the 1982 Constitution, no provisions unrelated to the budget may be included in the budget law. The first section of the budget law consists of the expenditure and revenue budgets, along with the net borrowing proceeds that reflect the balance between them.

During the implementation phase of the budget, the 1982 Constitution sets limits on expenditures within the expenditure budget. The appropriations granted through the central government budget indicate the maximum amount that may be spent. According to Article 161 of the Constitution, the budget law cannot include a provision allowing this limit to be exceeded by a presidential decree. Similarly, Article 20 of Law No. 5018 stipulates that public administrations may not exceed the appropriations included in their budgets during the implementation phase.

Both the Constitution and the law impose restrictions on overspending beyond appropriations. However, in practice, situations may arise where unforeseen services emerge or allocated appropriations prove insufficient during the fiscal year. In such cases, Article 161 of the Constitution requires that for any amendment proposals increasing current-year appropriations or imposing a financial burden on the current or subsequent years' budgets, financial resources capable of covering the projected expenditures must be identified. Likewise, Article 19 of Law No. 5018 states that if the appropriations of public administrations within the central government budget are insufficient, or if unforeseen services need to be fulfilled, a supplementary budget may be enacted by law, provided that corresponding revenues are shown.

Example: In addition to the Central Government Budget Law for 2023 (Law No. 7427) dated December 16, 2022, a new law titled “Law No. 7457 on the Amendment of the 2023 Central Government Budget Law and Its Attached Schedules”, which proposed changes to the annexed tables, was approved by the Grand National Assembly of Türkiye in June 2023.

In regard to the expenditure budget, according to Article 23 of Law No. 5018, a contingency appropriation of up to two percent of the general budget appropriations may be allocated in the central government budget law. This contingency fund is intended to:

- Achieve the services and objectives stated in the central government budget law,
- Address appropriation shortages, or
- Fund unforeseen services not included in the budget.

This contingency appropriation may be transferred to the budgets of general budget administrations listed in Schedule (I) and special budget administrations listed in Schedule (II) of the Law, provided that they are specified in the central government budget law. The President is authorized to carry out such transfers from the contingency fund. The distribution of transfers made from the contingency appropriation — by type, amount, and relevant administrations — must be announced by the Presidency within fifteen days following the end of the fiscal year. This process, previously conducted by the Ministry of Finance, is now carried out by the Budget Directorate General under the Presidency's Strategy and Budget Office to ensure fiscal transparency.

In Türkiye, when preparing the revenue budget, past actual revenue data and the finalized monthly revenue data of the current year are analyzed. In addition to these figures, a direct estimation method known as the “judgmental approach”, which relies on expert opinion regarding future revenue trends, is also used (Edizdoğan & Çetinkaya, 2023). While expenditure estimates in the budget serve as an upper limit not to be exceeded, revenue estimates have no upper or lower bounds. This means that actual revenues may fall short of or exceed the estimates. Therefore, expenditure items in the budget are binding, whereas revenue items are indicative.

The main purpose of the state budget is to achieve a financial balance between public revenues and expenditures, thereby helping to maintain economic stability. However, this balance is not always attainable. When expenditures exceed revenues, a budget deficit occurs. Conversely, if revenues exceed expenditures, there is a budget surplus.

Example: Central Government Budget for 2025

(Law No. 7535 – Published in Official Gazette No. 32769 on December 31, 2024)

- Total Expenditures (Estimated): 14.7 trillion TRY
- Total Revenues (Estimated): 12.8 trillion TRY
- Budget Deficit (Difference): Approximately 1.9 trillion TRY
- Financing Method: It is planned to cover the budget deficit through approximately 1.9 trillion TRY of borrowing.

Following the first section of the budget law described above, the second section contains the attached schedules listed below.

Schedules Attached to the Budget Law

- **Schedule A:** Shows expenditures.
- **Schedule B:** Shows revenues.
- **Schedule C:** Shows the legal basis for the revenues listed in Schedule B.
- **Schedule E:** Sets out the principles for the use of certain appropriations and related expenditures.
- **Schedule F:** Details how special-budget administrations and regulatory & supervisory agencies will finance their budget deficits or apply any surpluses.
- **Schedule H:** Shows travel allowances payable to public officials.
- **Schedule I:** Shows monetary limits.
- **Schedule K:** Shows additional teaching hours, conference fees, and overtime pay.
- **Schedule M:** Shows fees charged to students in schools affiliated with the Ministry of National Education and the Ministry of Health.
- **Schedule O:** Lists information on animals to be purchased for the armed forces' needs.
- **Schedule P:** Shows the average purchase values of motor vehicles.
- **Schedule T:** Lists the details of vehicles to be procured by public institutions.
- **Schedule V:** Shows the names of those who have rendered distinguished service to the nation through military duty, along with the legal basis and the amount of their monthly allowances.

Among the annexed schedules in the second section of the Budget Law mentioned above; Schedule A shows the expenditure estimates (appropriations for spending within the year) for each public administration, Schedule B presents the revenue estimates (revenues expected to be collected during the year) of the administrations, and Schedule C displays the legal bases for the revenues planned to be collected in that year.

Example: According to the 2025 Central Government Budget Law,

- The approximate amounts of total personnel expenditures of the central government in Schedule A are estimated as:
 - 3.476 billion TRY for 2025,
 - 4.104 billion TRY for 2026,
 - 4.678 billion TRY for 2027.
- Within the revenue estimates in Schedule B, the estimated amounts of corporate tax are:
 - 1.708 billion TRY for 2025,
 - 2.272 billion TRY for 2026,
 - 2.732 billion TRY for 2027.
- In Schedule C, the legal basis for the collection of the projected corporate tax is the Corporate Tax Law No. 5520 dated June 13, 2006.

In Türkiye, budget implementation is based on the fiscal year, which begins on January 1 and ends on December 31. At the end of this period, the budget accounts are closed. However, in practice, the cash basis accounting method is adopted. According to this method, revenues and expenditures for a given year are not recorded in the budget of that year but are instead recorded in the budget of the year in which they are actually collected or spent. This approach has important implications for accounting and budgetary discipline.

2.1.5. Audit Phase of the State Budget

The final stage of the state budget's life cycle is the auditing phase.

The final stage after the implementation phase of the central government budget is the auditing of the budget implementation results. Budget auditing, which aims to ensure that the budget is applied effectively, efficiently, and in accordance with the law, is addressed under three main categories: administrative audit, legislative audit, and judicial audit (Edizdoğan & Çetinkaya, 2023). These types of audits subject the expenditures of the executive branch to both internal and external controls, aiming to ensure the proper use of public resources.

Administrative audit is a type of audit carried out during the budget implementation phase through internal control mechanisms.

Internal control is a preventive audit conducted by administrations through

systems established within their own organization. This audit functions as an administrative mechanism to ensure that expenditures are made as planned and to prevent irregularities. The internal control process consists of two stages: preliminary financial control and internal audit. Its main objective is to ensure the effective, economical, and efficient use of public resources, to prevent financial risks, and to guarantee that activities are conducted in accordance with legislation.

Legislative audit occurs at all stages from the preparation of the budget to its implementation and the approval of the final account. This audit is conducted by the Grand National Assembly of Türkiye, which represents the public. Thus, the executive branch's use of public resources is monitored on behalf of society through the Parliament (Altuğ, 2019).

During the preparation phase of the budget process, discussions first take place in the Plan and Budget Commission and then in the General Assembly of the Parliament. These are the initial audit steps conducted within the Grand National Assembly of Türkiye's budgetary authority. In this process, the budget proposal submitted by the executive is reviewed both financially and politically, and is approved with amendments if necessary. Therefore, the preparation phase carries not only a technical but also an auditing function (Edizdoğan & Çetinkaya, 2023).

During the budget implementation period, the legislative body, especially through opposition deputies, has the authority to supervise the executive. Tools such as parliamentary inquiries, general debates, written questions, and parliamentary investigations allow the Parliament to monitor how budget expenditures and public resources are used. These tools are important parts of the Grand National Assembly of Türkiye's oversight power over the executive.

After the budget implementation, the final account law proposal prepared by the executive is submitted to the Grand National Assembly of Türkiye. This proposal is discussed and approved in the Parliament's General Assembly and then becomes law, formally closing the budget process. The evaluations and discussions made during the final account deliberations are an extension of the Grand National Assembly of Türkiye's financial and political audit authority over the executive. Therefore, these discussions also hold a significant place within legislative audit (Altuğ, 2019).

According to Article 42 of Law No. 5018, the Grand National Assembly of Türkiye exercises its approval authority regarding the implementation results of the central government budget law through the final account law. According to Article 161 of the 1982 Constitution, the final account law proposal for the central government must be submitted to the Grand National Assembly of Türkiye by the President within six months following the end of the related fiscal year. According

to Law No. 5018, the final account law proposal is prepared by the Ministry of Treasury and Finance in accordance with accounting records and the form of the central government budget law. This proposal, along with justifications containing comparative evaluations of the one-year implementation results, is submitted by the President to the Grand National Assembly of Türkiye by the end of June of the following fiscal year, and a copy is also sent to the Turkish Court of Accounts.

Example: With the 2025 Central Government Budget Law, which shows the estimated revenue and expenditure figures, both revenues are collected and expenditures are realized during the fiscal year (from January 1 to December 31, 2025). The 2025 Central Government Final Account Law proposal, which shows the actual realizations of revenue and expenditure figures during the fiscal year, must be submitted by the President to the Grand National Assembly of Türkiye by June 30, 2026, at the latest. A copy of the Final Account Law proposal is also sent to the Turkish Court of Accounts.

According to Article 160 of the 1982 Constitution, the Turkish Court of Accounts is assigned the duty to audit all revenues, expenditures, and assets of public administrations within the scope of the central government budget, as well as social security institutions, on behalf of the Grand National Assembly of Türkiye. It is also responsible for conclusively settling the accounts and transactions of those accountable and performing the examination, auditing, and judgment tasks assigned by law. Since the legislative audit of budget implementation results requires technical expertise that the Grand National Assembly of Türkiye alone cannot fulfill, it is emphasized that this duty must be carried out by the Turkish Court of Accounts (Küçükaycan & Çelikay, 2019).

According to Article 161 of the 1982 Constitution and Article 43 of Law No. 5018, the Turkish Court of Accounts is required to submit the General Compliance Report to the Parliament within seventy-five days starting from the submission of the related final account law proposal. The General Compliance Report is a document prepared by the Turkish Court of Accounts based on the public administration accounts and compares the implementation results of the central government budget contained in the final account law proposal. It evaluates the reliability and accuracy of the schedules and documents annexed to the final account law proposal prepared by the Ministry of Treasury and Finance (Pehlivan, 2018). This report is prepared by taking into account the external audit reports, administration activity reports, and the general activity report.

The submission of the final account law proposal and the general compliance report to the Parliament does not prevent unresolved audits and account litigations related to the respective year by the Turkish Court of Accounts from

being concluded, nor does it mean these have been finalized. Provisions stating that the final account law proposal will be discussed and decided together with the new year's budget law proposal are also included in the Constitution and the Law.

Example: The 2025 Central Government Final Account Law proposal is sent to the Turkish Court of Accounts (a copy of the law proposal) by June 30, 2026, at the latest. After a 75-day review, the Turkish Court of Accounts submits the 2025 General Compliance Report to the Grand National Assembly of Türkiye no later than September 13, 2026.

According to Article 42 of Law No. 5018, the procedures and principles regarding the final accounts of the budgets of public administrations within the scope of central government are determined by the Ministry of Treasury and Finance. According to the Law, the activity reports of public administrations, the general activity report, the external audit general evaluation report, and the final account law proposal must be discussed together with the central government budget law proposal. Additionally, these reports and the General Compliance Report must be primarily reviewed in the parliamentary commissions.

After the final account law proposal, like the central government budget, is submitted to the Grand National Assembly of Türkiye, the legislative process follows a similar sequence: Budget Commission – General Assembly – Presidency – Official Gazette. In practice, the Plan and Budget Commission, responsible for reviewing the budget and final account laws, discusses both the budgets of spending agencies for the new fiscal year and the final accounts of the previous year on the same day (Akbeý & Gök, 2020). However, since budgets are prioritized for discussion while final accounts are generally left until the end, the final account law is often approved without sufficient evaluation and debate. This situation weakens the retrospective audit of public expenditures and can negatively affect budget discipline. The Budget Commission must play an important role in fulfilling the financial oversight function of the Grand National Assembly of Türkiye and ensuring managerial accountability.

Example: Since the Final Account Law proposal will be reviewed and decided together with the new year's budget law proposal, the following laws will be approved in the final days of this year (no later than December 31, 2025) by the Grand National Assembly of Türkiye:

- The 2026 Central Government Budget Law
- The 2024 Final Budget Account Law

2.2. What Should I Understand from the State Budget Life Cycle?

Which needs are public in nature and priority; which institutions will be given more opportunities to provide public goods/services; who will benefit from these public goods and services, and to what extent; and consequently, who will contribute to public financing and how much—these are all matters of social choice. Since the budget determines and prioritizes these public preferences, it inherently has a political character. Society participates in the political process by delegating decision-making and implementation authority to parliaments. Through this delegation, members of parliament guide the executive branch's activities on behalf of society via the budget.

The budgetary power is the fundamental tool of this authority that belongs to the parliament on behalf of the people. The approval of the budget in parliament before it comes into effect defines the limits of the authority granted to the executive. At the same time, the budget process is not only about granting authority but also about overseeing how this authority is used. At the end of the budget period, the executive must be accountable to the parliament. This process makes the budget not just a financial document but also a political control instrument by which the parliament exercises oversight over the executive. Thus, by using the budgetary power granted by the people, the parliament both directs and monitors the executive's activities on behalf of the public (Bağlı, 2010). Public administrations are held responsible for executing the budget and spending resources allocated to various purposes. Those accountable for the public budget must manage this “common purse” without waste and with fairness.

The state budget is a fundamental document prepared, implemented, and audited within the framework of constitutional and legal rules applicable in public finance. The characteristics of the state budget can be summarized as follows:

- The budget is a law.
- It covers public revenues and expenditures.
- The amounts in the budget are estimates.
- It is approved before the beginning of the fiscal year.
- It is prepared for one fiscal year. In Türkiye, the fiscal year corresponds to the calendar year (covering January 1 to December 31).
- Balance is essential in the budget. This refers not to numerical balance but to accounting balance.

Along with all these features, there are four fundamental elements that must be present in the budget. These elements, which we can call in Turkish the “4Ts,” are Estimate, Limitation, Approval, and Equilibrium. The state budget is more than just a technical document listing revenues and expenditures; it is a financial planning and implementation tool with legal and political characteristics that reflects the government’s financial goals, the financing of public services, and social priorities. In this capacity, the budget grants the executive authority to use public resources while also enabling the legislative body to exercise its financial oversight function.

The state budget follows a long process composed of preparation, approval, implementation, and audit phases. In public finance, this process is commonly referred to as the budget lifecycle. The preparation phase is the stage where needs are identified and estimated revenues and expenditures are planned. The approval phase is when the budget is discussed and enacted within the timeframe stipulated by the 1982 Constitution in the Grand National Assembly of Türkiye. The implementation phase is the period during which revenues are collected and expenditures realized. The final phase involves auditing the expenditures under the framework of accountability.

Once the central government budget is submitted to the Grand National Assembly of Türkiye, the enactment process proceeds roughly as follows: Presidency of the Grand National Assembly of Türkiye → Budget Commission → General Assembly of the Grand National Assembly of Türkiye → Presidency of Türkiye → Official Gazette.

The budget process, much like a living organism, is born, develops, is implemented, and evaluated. For this reason, this process is often described as a “lifecycle.” This lifecycle consists of the following main stages:

1. Preparation Phase (Birth)

Public institutions plan their expected expenditures and revenues for the upcoming fiscal year.

→ Budget proposals are prepared under the guidance of the Strategy and Budget Directorate.

2. Discussion and Approval Phase (Legal Authority)

The prepared budget law proposal is submitted to the Grand National Assembly of Türkiye by the Presidency.

→ It is reviewed and approved first by the Grand National Assembly of Türkiye Plan and Budget Commission and then by the General Assembly.

3. Implementation Phase (Life and Activity)

Public institutions carry out expenditures and collect revenues according to the approved budget.

→ Financial discipline and record-keeping play a critical role in this phase.

4. Audit and Final Account Phase (Evaluation)

At the end of the fiscal year, actual expenditures and revenues are reported through the final account.

→ The Turkish Court of Accounts and Grand National Assembly of Türkiye conduct audits based on these reports.

5. Feedback and New Cycle (Rebirth)

Audit results are considered during the preparation of the next year's budget.

→ The process starts anew.

The budget lifecycle is not merely a technical process; it is also a dynamic public management tool that encompasses planning, implementation, accountability, and re-evaluation functions.

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CHAPTER THREE

ACTIVE PARTICIPATION IN BUDGETING PROCESSES

The public budget is not merely the government's financial plan; it is also one of the most critical democratic instruments for determining how public resources are allocated based on priorities. The budget serves as a redistribution mechanism for resources collected from citizens through taxation and, in this respect, has a direct impact on the quality of life of citizens. Therefore, participation in the budgeting process is not only a right but also a necessity for ensuring democratic accountability.

According to the democratic governance literature, citizen participation in decision-making processes not only generates legitimacy but is also essential for the effectiveness of public services, efficiency in resource use, and the responsiveness of public policies to social needs (Fung, 2006). In Türkiye, increasing demands for transparency in recent years, the adoption of participatory budgeting models at the local level, and practices based on the right to access information have demonstrated that citizen participation is not merely a theoretical principle but a practical necessity.

Participatory democracy refers to the involvement of socially, economically, and politically disadvantaged groups in governance. This underscores the importance of ensuring equality between the powerful and the vulnerable in decision-making processes. When such equality cannot be achieved, existing inequalities are perpetuated (Marquetti et al., 2012). Participatory democracy is also regarded as a means of educating individuals about both central and local government activities (Wang, 2001; Ebdon, 2002). Within the context of budget management, participatory democracy is manifested as “participatory budgeting.” Especially at the local government level, participatory budgeting—which is now implemented in many countries in various forms, —represents a significant approach for the exercise of budget rights, a process that began with the Magna Carta. In central governments, budgetary authority rests with parliaments under representative democracy, whereas in local governments, participatory budgeting is increasingly replacing the representative model. Thus, local communities gain a direct voice in matters that concern them and assume a decisive role in the financing of the services to be provided (Özen & Yontar, 2009).

Participatory budgeting was first implemented in Porto Alegre, Brazil, in the late 1980s and is considered one of the best examples of participatory democracy. This model aims to establish a deliberative system that is citizen-centered, accountable, and bottom-up, in which the budgeting process is shaped

by the needs of city residents (Fung & Wright, 2001). According to Yalçın (2015), the implementation of participatory budgeting has gained momentum as citizens have become more actively involved in public decision-making processes. In this context, a better understanding and more effective use of scarce public resources can be achieved, along with the adoption of a more realistic approach to determining the public needs of citizens.

The spread of participatory budgeting and citizen-centered oversight mechanisms ensures that public financial management evolves from being merely a technical process to one that is sensitive to social values and priorities. Scientific studies indicate that in environments where transparency and participation are increased in budgetary processes, public expenditures are managed in a fairer, more effective, and more rational manner (Ebdon & Franklin, 2006; Fung, 2006). Citizens who are given the opportunity to participate can express their own priorities in resource allocation, thus enabling budgets to be shaped in accordance with actual societal needs. The involvement of not only technical experts but also all segments of society in the process facilitates diversity, balance, and innovative solutions in public spending (Goldfrank, 2007; Sintomer et al., 2012).

Increasing transparency and accountability compels public managers and decision-makers to act more responsibly toward society, thereby reducing the misuse of public resources and the risks of corruption (Irvin & Stansbury, 2004). Participatory budgeting practices, especially at the local government level, are supported by measures such as the explicit sharing of budget documents, holding budget meetings open to the public, and subjecting spending decisions to social deliberation. In this way, citizens not only access information but also monitor budget practices, offer criticism, and, when necessary, present alternative proposals. Research shows that in administrations where such practices are implemented, public satisfaction, institutional trust, and administrative effectiveness increase significantly (Baiocchi, 2001).

Active participation of citizens in the budgeting process offers several key strengths. It raises awareness regarding the management of scarce public resources, ensures the representation of a broader spectrum of society in budgeting decisions, and allows both policymakers and those affected by policies to evaluate and contribute mutually to the process (Ergen, 2012). However, despite these benefits, several challenges arise in the implementation of participatory budgeting. The first of these is the difficulty in determining whether the participants truly represent society. Additionally, in practice, communication tends to be one-way, participatory methods often lack institutionalization, and budget-related education demands considerable effort and time (Ebdon & Franklin, 2006).

Moreover, effective participation in a phenomenon or event requires the presence of citizens who possess adequate knowledge about the subject. When it

comes to budgeting—which directly affects the social and economic structure of societies—shaping the process with an uninformed public would not be a sound approach. In this context, a concept that has gained attention in recent years and has been recognized at the international level is budget literacy.

Strengthening participation is not only a requirement of a rights-based approach but also a governance strategy that enhances the quality of public services. Nevertheless, for citizen participation to be meaningful, access to information must be ensured, budget documents should be published in an understandable manner, and institutional mechanisms should be organized to facilitate participation. In this regard, the third section of this guide aims to contribute to the development of a more democratic and accountable budget culture in Türkiye by examining the relevant legislation and institutional arrangements, citizens' rights, access routes, forms of participation, and oversight tools in the budgeting process (Eroğlu & Kaynar, 2023).

Table 3.1

Why Is Citizen Participation in Budgetary Processes and High Budget Literacy Important?

Theme	Explanation and Sources	Relationship to Budget Literacy
Evidence-Based Decision Making	Budgeting is the process of transforming information into decisions. (Masud et al., 2017)	Literacy is essential for active and informed participation.
Fiscal Transparency	Fiscal information should be made public, understandable, and timely. (Hollyer et al., 2011; Avcı, 2016; Eroğlu & Demirbaş, 2016)	Budget-literate individuals can monitor expenditures and revenues and provide feedback.
Accountability	The obligation to explain and justify decisions and actions, and to be subject to sanctions when necessary. (Kyriacou, 2008; Grant & Keohane, 2005; Mulgan, 2000)	Literacy strengthens the culture of oversight and questioning, supporting the proper use of public resources.

Participatory Budgeting	Involvement of citizens in the budgeting process and decision-making mechanisms. (Sintomer, 2012; Yalçın, 2015; Berner & Smith, 2004)	Informed citizens can effectively influence the budget and play a role in the allocation of public resources.
Efficient Use of Resources	Directing scarce public resources toward societal needs for maximum benefit. (Afonso et al., 2003; Florina, 2017; Curristine et al., 2007)	Literate individuals and institutions contribute to efficient resource use and performance management.
Education and Awareness	The necessity of providing budgetary and financial education in society, especially at an early age. (Shapiro, 2001; Güngör Göksu, 2020; Masud et al., 2017)	A high level of literacy increases public participation in budgeting and public oversight.
Democracy and Good Governance	Participatory, transparent, and accountable budgeting is a fundamental element of democratic development. (Kopits & Craig, 1998; Karakaş, 2005)	Budget literacy strengthens democratic participation and supports development.
Guides and Educational Materials	Citizen budget guides, training sessions, and the simplified dissemination of information. (Petrie & Shields, 2010; Shapiro, 2001)	Education and guidance materials are crucial for literacy; public access to information and participation increase.
Challenges	Lack of knowledge, complex procedures, low awareness, and limited participatory training. (Masud et al., 2017; Ebdon & Franklin, 2006)	Unless these barriers are overcome, effective, transparent, and participatory budget management is not possible.

3.1. What are Our Rights Regarding the Budgetary Process?

3.1.1. Right of Access to Information

The most fundamental right of citizens in the budgeting process is to access accurate, timely, and accessible information regarding public expenditures and revenues. While this right is enshrined in the constitutions of many countries, numerous international organizations also emphasize its importance. For example, institutions such as the United Nations (UN), the Organisation for Economic Co-operation and Development (OECD), the International Budget Partnership (IBP), and the World Bank define the public availability and comprehensibility of budget documents as a basic right.

3.1.2. Right to Participation

In modern budgeting processes, citizens are expected not only to act as observers but also to participate actively in decision-making and policy formulation.

Table 3.2

Different Dimensions of Citizen Participation in Decision-Making Processes

Type of Participation	Description / Example
Passive Participation	Citizens do not participate in elections and show little interest in political decision-making processes.
Indirect Participation	<ul style="list-style-type: none"> - Citizens elect political representatives. - Citizens vote in referendums on specific issues. - Citizens vote on matters such as fees, taxes, and public borrowing.
Informed Participation	<ul style="list-style-type: none"> - Citizens are informed about public policies and possess relevant knowledge. - Citizens are represented through membership in an interest group.
Active Participation	<ul style="list-style-type: none"> - Citizens are directly involved in the public policy process on specific issues (e.g., by submitting a complaint). - Citizens attend general meetings as observers or commentators. - Citizens serve on formal boards or committees established by public institutions for specific topics. - Citizens participate in community organizations such as neighborhood or district councils.

Table 3.3

Participation Mechanisms Useful at Various Stages of the Decision-Making Process

Stage of Decision-Making	Information	Consultation	Dialogue	Partnership
Agenda Setting	<ul style="list-style-type: none"> - Easy and open access to information (e.g., online databases, topic-specific websites) - Gathering data on current issues via research (e.g., surveys) - Awareness campaigns and lobbying by NGOs 	<ul style="list-style-type: none"> - Citizen applications (e.g., e-petitions, web forums) - Stakeholder consultation (online or offline) 	<ul style="list-style-type: none"> - Special sessions and public meetings on specific topics - Citizen forums, future councils - Key liaison officer in public institutions for civil society 	<ul style="list-style-type: none"> - Working groups or committees as permanent or ad hoc expert groups
Drafting Policy	<ul style="list-style-type: none"> - Publishing policy drafts on online databases and websites, broadcasting meetings online - Collecting input via research (e.g., surveys) - Campaigns and lobbying activities regarding the draft 	<ul style="list-style-type: none"> - Face-to-face or online sessions and Q&A panels with stakeholders - Expert seminars and meetings - multi-stakeholder committees and consultation units with NGO representatives 	<ul style="list-style-type: none"> - Co-drafting: Active citizen involvement in the drafting stage of legislation 	
Decision	<ul style="list-style-type: none"> - Campaigns and lobbying to influence decision-makers through brochures, websites, media statements, and public demonstrations 	<ul style="list-style-type: none"> - Public hearings and committee meetings open to participation 	<ul style="list-style-type: none"> - Forums, consensus conferences, and other participatory meetings for joint decision-making - Co-decision processes (e.g., participatory budgeting) 	

Note. From Council of Europe (2019), *Revised Code of Good Practice for Civil Participation in the Decision-Making Process*.

3.1.3. Right to Oversight and Accountability

Citizens have the right to monitor and oversee the implementation of the budget and the use of public resources. Various mechanisms facilitate the exercise of this right, including independent audit reports by supreme audit institutions (e.g., Court of Accounts), public oversight commissions, and analyses conducted by civil society organizations. Transparency in budget processes, accountability, and public reporting practices further strengthen citizens' ability to hold decision-makers accountable.

3.1.4. Right to Access to Justice and Legal Remedies

Citizens whose rights are violated in budgetary processes have the right to seek judicial review and appeal.

- The Constitution guarantees the right to bring allegations of illegality, discrimination, or corruption in public spending before the judiciary (e.g., ombudsman mechanisms, administrative courts).
- Principles of transparency and public accountability in judicial proceedings help ensure that budget implementation is conducted in the public interest.

Are you aware of your taxpayer rights?

The Taxpayer Rights Charter affirms “the commitment of the Turkish Revenue Administration to operate with a taxpayer-oriented approach and a principle of respectful and honest service, aiming to deliver high-quality services. It recognizes that paying taxes is not only a legal obligation but also a right of citizenship and an opportunity for individuals to question and hold the administration accountable. The Charter thus expresses the Administration’s dedication to ensuring the satisfaction of all those it serves and to addressing their concerns.”

Table 3.4

Taxpayer Bill of Rights: Some Principles

Principle / Commitment	Explanation / Practice
We will provide services with open, reliable, timely, and sufficient information.	We will facilitate all aspects of fulfilling your tax-related obligations.
Within the scope of the Right to Information Act, we will guide you to the correct contacts for any information you wish to obtain.	In our procedures and regulations, we will ensure that tax laws are applied fairly, legally, impartially, and in a manner that protects competition.

We will promptly communicate tax-related developments to you via our continuously updated website and printed publications.

By subscribing to our free e-mail system, you will instantly receive updates on tax developments directly from the source.

We respect the confidentiality of your personal and private information. We will not disclose or use this information except as required by the Tax Procedure Law.

In tax audits, we will apply the laws accurately, impartially, and consistently, and will inform you at every stage of the audit.

If you submit your complaints with your real identity and contact information, we will respond to you as soon as possible with the outcome.

We are committed to continual improvement and to seeking ways to always provide better service.

Tablo 3.5

The Legal Foundations of Rights

Right	Legal Basis	Explanation
Right to Access Information	Constitution, Article 74: “Right to petition, access to information, and application to the ombudsman.” “Citizens and, based on reciprocity, foreigners residing in Türkiye have the right to submit written applications regarding their own or public matters to the competent authorities and to the Grand National Assembly of Türkiye. The results of such applications concerning them must be communicated in writing without delay. Everyone has the right to access information and to apply to the ombudsman.” Law No. 4982 on the Right to Information: “The purpose of this Law is to regulate the principles and procedures regarding individuals’ exercise of the right to access information, in accordance with the principles of equality, impartiality, and openness, which are requirements of democratic and transparent governance.”	The right to access budget documents and request information.

<p>Right to Participation</p>	<p>Law No. 5018 on Public Financial Management and Control (PFMC) <i>Article 7 – Fiscal transparency and accountability:</i> “The public must be informed in a timely manner to ensure oversight of the acquisition and use of all public resources...” Law No. 5393 on Municipalities <i>Article 9 – Civic Rights:</i> “Every resident has the right to participate in activities that may affect municipal decisions, to obtain information, and to express opinions on municipal activities.” <i>Article 13 – Participation and transparency:</i> “Municipal governance is to be conducted in a participatory, transparent, and accountable manner. Municipalities are obliged to ensure the participation of residents, NGOs, and other stakeholders in their activities.” Article 76 – Regulation on City Council: City councils are established to enhance democratic participation and governance at the local level and to enable active involvement of all segments of society in municipal administration.</p>	<p>The right to express opinions and submit proposals during the budget preparation process.</p>
<p>Right to Oversight</p>	<p>Law No. 5018 PFMC, Articles 63–68: These articles regulate internal and external audit processes in public financial management. Law No. 6085 on the Court of Accounts: The Court of Accounts is the constitutional audit body responsible for auditing all financial transactions of public administrations and holding them accountable to the Grand National Assembly. <i>Article 2 – Scope of Audit</i> <i>Article 5 – Purpose of Audit</i> <i>Article 6 – Regularity and Performance Audit</i> <i>Article 7 – Reporting to Parliament</i></p>	<p>The right to monitor budget implementation and access audit reports.</p>

Right to Demand Accountability

Law No. 5018 PFMC, Article 8 – Accountability: “Those responsible and authorized for the acquisition and use of all public resources are accountable for their effective, economical, efficient, and lawful management, accounting, reporting, and for taking necessary precautions against misuse, and are obliged to give an account to the authorized bodies.” **Parliamentary Final Accounts Committee:** Examines government and public administration budget implementation for accountability, reviews audit reports, and requires explanations from officials.

The right to request explanations from public administration regarding budget implementation.

3.2. How Can I Access Budget Documents of Public Institutions?

In Türkiye, the right to access budget documents of public institutions is guaranteed by both constitutional and legal provisions. Citizens can easily access budget documents through the following means:

Direct Access via Official Websites

Many budget documents and data are available on the website of the Presidency of Strategy and Budget of the Republic of Türkiye (www.sbb.gov.tr).

Figure 3.1

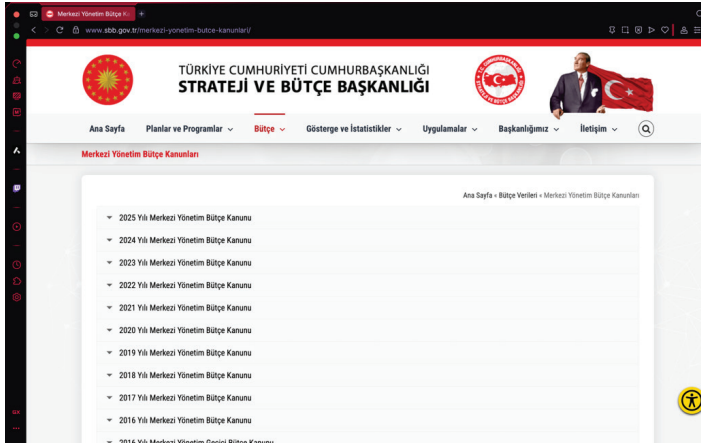
Example of the Website of the Presidency of Strategy and Budget of the Republic of Türkiye



The Central Government Budget Law, economic reports, and investment programs are available on: <https://www.sbb.gov.tr/merkezi-yonetim-butce-kanunlari/>.

Figure 3.2

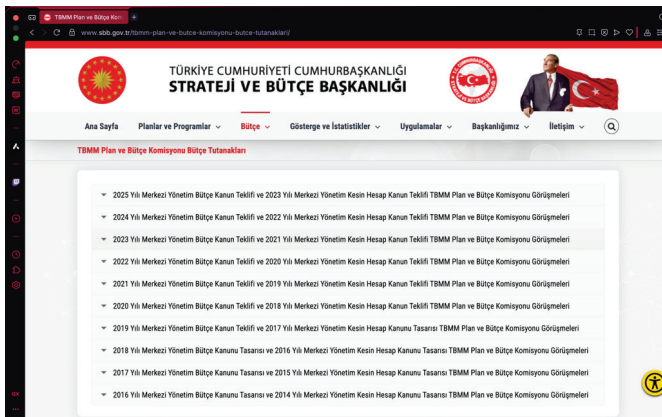
Example of Central Government Budget Laws Website



The Draft Central Government Budget Law and the Draft Central Government Final Account Law, along with the records of deliberations by the Grand National Assembly of Türkiye's (TBMM) Planning and Budget Committee, are also publicly accessible.

Figure 3.3

Central Administration Budget Bill and Central Administration Final Accounts Bill Discussions at the Turkish Grand National Assembly Planning and Budget Committee



The Citizen's Budget Guide is available on: <https://www.sbb.gov.tr/vatandas-butce-rehberi/>.

Figure 3.4

Example of Citizen Budget Guide Website



Figure 3.5

Example of Citizen Budget Guide Content Website



The following documents and information are available from the Ministry of Treasury and Finance (www.hmb.gov.tr/kategori/bumko)

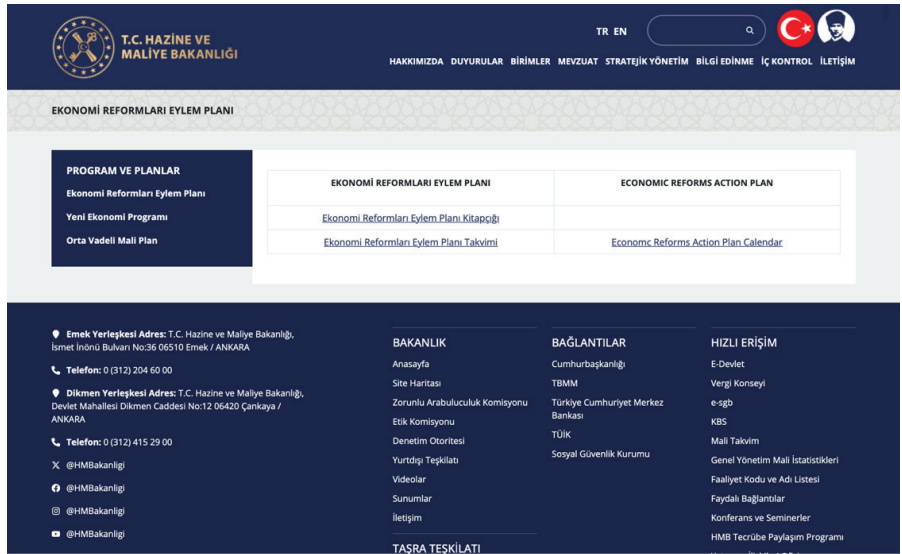
Figure 3.6

Example Ministry of Treasury and Finance Website



Figure 3.7

Ministry of Treasury and Finance Economy and Reform Action Plan Website Example



- Budget realizations, activity reports, and medium-term fiscal plans
- Official websites of relevant municipalities and public institutions
- Strategic plans, performance programs, and activity reports

Additionally, the following data and documents are accessible from the General Directorate of Public Accounts of the Ministry of Treasury and Finance: <https://muhasebat.hmb.gov.tr/genel-yonetim-mali-istatistikleri>.

- General Government Fiscal Statistics
- Central Government Final Accounts
- Fiscal Analysis Reports and Bulletins
- Activity Reports
- Implementation Guides

Additionally:

i. Access via e-Government Portal

- Many institutions' budget and financial reports are available on the national e-Government portal: www.turkiye.gov.tr.

ii. Right to Information Requests

- Written or online applications can be made to public institutions under Law No. 4982 on the Right to Information.
- There is a right to receive a response within 15 working days.
- Applications can be submitted through the e-Government portal or the information request pages of relevant institutions.

iii. Court of Accounts and Parliamentary Reports

- www.sayistay.gov.tr: Audit reports and budget review results
- Records of the Parliamentary Final Accounts Committee

The following table demonstrates how and in what manner budget-related documents can be accessed at both the central and local levels.

Table 3.6*Ways to Access Budget-related Documents*

Document Type	Where to Access	Access Method	Description
Central Budget	Presidency of Strategy and Budget (SBB), Ministry of Treasury and Finance (HMB)	Website, e-Government portal	Current/ executed budget
Municipal Budget	Municipalities	Municipal website	Strategic plan, performance data
Activity Report	SBB, Municipality, Court of Accounts	Website, open data platforms	Annual results
Audit Report	Court of Accounts, Parliament (TBMM)	Website	Expenditure audit
Other Documents	Open Data Platforms	Website, API	Macro/micro data

3.3. How Can I Monitor and Oversee Budget Implementation?

In Türkiye, every citizen has the right to monitor and oversee the implementation of the budget. The following are the primary avenues through which effective monitoring and oversight can be exercised:

Table 3.7*Access to Information and Documents Related to Budget Processes*

Monitoring Method	Description	Where to Access?
Tracking Annual Activity Reports	Municipalities and public institutions are required to publish annual activity reports. These reports show how the budget is spent, the extent to which targets have been met, and completed projects.	Official municipal websites and the e-Government portal

Reviewing Court of Accounts (Sayıştay) and Parliamentary Audit Reports	Reports prepared by the Court of Accounts review the legality and fiscal discipline of budget expenditures. The Parliamentary Final Accounts Committee also audits the implementation of the central budget.	www.sayistay.gov.tr, TBMM website
Examining Municipal Council Minutes and Decisions	Minutes of municipal council meetings in every municipality are open to the public. You can follow the decisions and expenditures.	Municipal official websites
Filing Complaints and Requests	You may submit complaints and information requests regarding public institutions' practices to the relevant institution or CIMER within the framework of the Right to Information Act.	https://www.cimer.gov.tr
Open Data and Digital Monitoring Tools	Many municipalities and central government bodies publish their budget expenditures and projects on online platforms. You can use open data portals and monitoring applications.	Open data portals

3.4. How Can I Obtain Information on Budget Outcomes?

The results of budget implementation reveal how public resources are used and the extent to which specific projects and expenditures have been realized. In Türkiye, every citizen has the right to receive regular and transparent information about budget outcomes. The following methods indicate how to access such information:

Annual Activity and Audit Reports

- Municipalities are required to publish annual activity reports and financial statements.
- Audit reports prepared by the Court of Accounts, as well as central government budget realization reports, are also publicly accessible.

- *Where to find?* On the official websites of municipalities, the Presidency of Strategy and Budget (www.sbb.gov.tr), the Ministry of Treasury and Finance (www.hmb.gov.tr), the Court of Accounts (www.sayistay.gov.tr), and the Grand National Assembly of Türkiye.

Open Data and Digital Platforms

- Municipalities and central government agencies publish up-to-date expenditure, revenue, and investment data on open data portals.

Media, Civil Society, and Monitoring Platforms

- Independent civil society organizations (such as TESEV and TEPAV) and the media interpret and present budget implementation results to the public.

Right to Information Requests

- If you cannot access the detailed data you need, you can exercise your right to information by applying to the relevant institution.

3.4.1. What Do We Mean by Active Participation in the Budgeting Process?

Nowadays, the principles of good governance in public administration emphasize not only the effectiveness of administrative processes but also the active participation of society and accountability within governance. The core objectives of good governance are to institutionalize accountability, ensure transparency, strengthen citizen participation, and uphold equality and fairness in public services. Achieving these goals requires that citizens are sufficiently informed about budget processes—in other words, strengthening budget literacy.

Budget literacy can be defined as citizens' ability to understand and evaluate how the public budget is prepared, how resources are allocated, and how public expenditures are implemented. This competency is important not only for raising individual awareness but also for the collective monitoring of public policies and for fostering a sense of social responsibility. The ability of citizens to access budget documents, read and interpret expenditure and revenue items, and ask critical questions about the use of public resources forms the foundation for transparency and accountability in governance. However, in practice in Türkiye, citizen participation in budget processes is generally limited to the final stage—when decisions are disclosed to the public. Genuine participation and access to information mechanisms are not fully ensured during the preparation, planning, and implementation phases. Yet, democratic governance requires not only that citizens have access to information, but also that they can understand, critically evaluate, and contribute to budget documents and policy processes. This need increases both the legitimacy of the government and the alignment of public services with societal needs.

In this context, raising the level of citizens' budget literacy and facilitating their access to budget documents are indispensable for the realization of transparency and accountability in public administration. Indeed, the implementation of the performance-based budgeting system under the Public Financial Management and Control Law No. 5018 has made it obligatory to share documents such as the Medium-Term Program, the Medium-Term Fiscal Plan, strategic plans, and performance programs. Furthermore, municipalities and other local governments are also subject to legal regulations that make it easier for citizens to access budget documents. Presenting these documents in an accessible and understandable format is a significant opportunity not only for transparency but also for the development of citizens' budget literacy.

Access to budget documents should be regarded not only as a matter of public information but also as a prerequisite for social oversight and democratic participation. To monitor whether public resources are being used efficiently, equitably, and in line with public needs, citizens must both have access to relevant information and possess the budget literacy necessary to analyze these data. In this regard, expanding budget literacy courses and programs within the education system, preparing simplified and comprehensible budget guides, and encouraging participatory budgeting practices are of great importance.

In conclusion, the analysis in this section demonstrates that increasing citizens' budget literacy and improving access to budget documents play a central role in strengthening good governance and democratic participation. Although recent legal and institutional reforms implemented in Türkiye provide an important foundation, in practice, participation in budget processes and information activities must become more widespread, comprehensible, and sustainable. In this respect, shaping public administration not only from the perspective of administrators, but with the effective participation and oversight of all citizens, is a prerequisite for a robust democracy and social well-being.

Now is the time to understand the public budget and be aware of your rights.

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Online Resources

<https://www.sbb.gov.tr>

<https://www.hmb.gov.tr>

<https://www.sayistay.gov.tr/?lang=tr>

<https://muhasebat.hmb.gov.tr>

<https://giris.turkiye.gov.tr/Giris/>

<https://www.tbmm.gov.tr>

CHAPTER FOUR

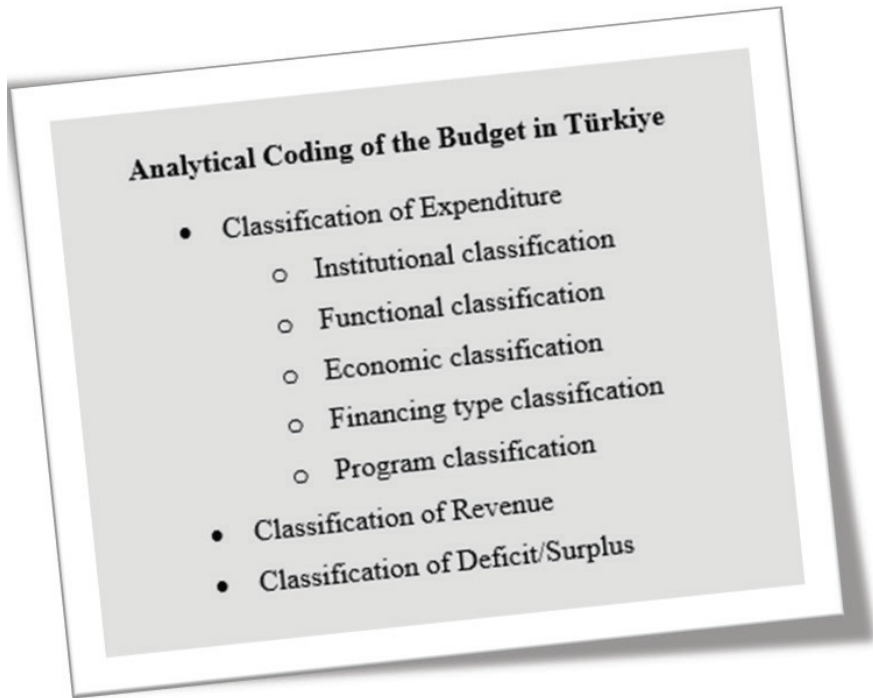
FUNDAMENTALS OF BUDGET LITERACY

4.1. Basic Information and Analytical Coding

In Türkiye, the implementation of analytical coding in the state budget began in 2004 with the enactment of the Public Financial Management and Control Law No. 5018. In this way, taking international standards into account, the tables concerning “expenditures,” “revenues,” and the “budget balance” within the state budget have been structured in an orderly manner and shared with the public.

Figure 4.1

Analytical Coding of the Budget in Türkiye



Analytical coding essentially consists of tables that present expenditures, revenues, and the budget balance (i.e., budget deficit or surplus). The classification of expenditures can be carried out in various ways. Public expenditures may be categorized according to the institutions making the expenditures (institutional

classification) or based on the types of services provided (functional classification). In addition, public expenditures can also be classified according to their effects on the economy (economic classification), the source of their financing (financing type classification), or the targeted programs (program classification) (Presidency of Strategy and Budget of the Republic of Türkiye, 2025a). Although these different types of expenditure classifications serve as alternatives to one another, they essentially reflect the total public expenditures of a given year according to different criteria. In other words, any expenditure made by the state is represented under each of these classifications and is reflected in the corresponding budget tables in some form.

For instance, the salary paid to a teacher employed at a public primary school would be recorded under different categories depending on the classification system: as an “expenditure of the Ministry of National Education” in the institutional classification, as an “education expenditure” in the functional classification, as a “personnel expenditure” in the economic classification, as a “general budget administration” in the financing type classification, and as “primary education” in the program classification.

The budget tables prepared on the basis of these classifications follow a standardized numerical format. These standard budget tables can be examined with reference to a specific public administration, or they can be aggregated under categories such as “central government budgets,” “local government budgets,” and “social security institution budgets.” Moreover, by analyzing the “general government budget” tables, which encompass the total of all these components, it is possible to gain insight into the overall structure of the state budget.

According to Article 7 of Law No. 5018, “In order to ensure the supervision of the acquisition and use of all public resources, the public shall be informed in a timely manner.” The same article stipulates that all information and documents related to the state budget must be publicly accessible and available. This requirement is associated with the principle of transparency, which is one of the fundamental principles of budgeting. However, ensuring fiscal transparency also necessitates the realization of the principle of clarity—meaning comprehensibility. It is at this point that the importance of budget literacy becomes evident, as it is essential for citizens to possess a basic level of budget literacy as part of fiscal transparency. Accordingly, the aim of this section is to equip citizens with the ability to understand and interpret, at a basic level, the budget tables structured through analytical coding. Within this framework, the section explains the various types of expenditure classifications and the meanings of corresponding budget items, followed by an explanation of the revenue budget components and the interpretation of the budget balance tables.

4.2. A Guide to Expenditure Items in the State Budget

As explained above, expenditures in the state budget can be classified in various ways according to different criteria. In this way, citizens are able to monitor the same public expenditure from different perspectives, depending on their particular interests. At the same time, the existence of multiple types of expenditure classifications is of critical importance both for the monitoring and auditing of the budgeting process and for providing data for academic and scientific research.

4.2.1. Institutional Classification

The institutional classification of public expenditures is a type of budget table that displays which public administration has made how much expenditure, thereby reflecting the administrative structure of the state (Presidency of Strategy and Budget of the Republic of Türkiye, 2024). Accordingly, by examining the table that presents the expenditures of each public institution, the total public expenditure for the relevant year can be determined by summing the vertical column.

Figure 4.2

General Budget Institutions

I-General Budget Institutions	10.718.352.503
T.B.M.M.	10.946.620
Presidency of the Republic	12.572.434
Constitutional Court	505.051
Supreme Court of Appeals	2.799.615
Council of State	1.703.541
High Council of Judges and Prosecutors	839.647
Court of Auditors	2.415.481
Ministry of Justice	200.361.650
Ministry of Defence	428.391.273
Ministry of Interior	79.866.779
Ministry of Foreign Affairs	24.414.693
Ministry of Treasury and Finance	4.546.014.926
Ministry of National Education	1.105.204.405
Ministry of Health	783.043.004
Ministry Of Transportation and Infrastructure	345.688.879
Presidency of Family And Social Services	316.549.618
Ministry of Energy & Nat. Res.	38.180.683
Ministry of Culture and Tourism	49.375.041
Ministry of Industry and Technology	89.077.797

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025).

Public administrations within the scope of central government are categorized into three groups: “general budget administrations,” “special budget administrations,” and “regulatory and supervisory agencies.” In the institutional classification, public administrations are listed according to this categorization within the central government framework.

General budget administrations are public institutions that finance their expenditures through appropriations allocated from the general budget, which comprises the revenues collected by the central government. These institutions are listed in Schedule (I) annexed to Law No. 5018. In the institutional classification table, the amount of expenditure made by each general budget administration can be clearly observed.

Figure 4.3

Special Budget Institutions

II-Special Budget Institutions	
	1.094.843.677
Higher Education Council	1.197.559
Ankara University	11.546.831
Middle East Technical University	4.806.363
Hacettepe University	10.555.331
Gazi University	9.038.661
Istanbul University	10.678.189
Istanbul Technical University	5.053.880
Boğaziçi University	3.094.566
Marmara University	6.139.548
Yıldız University	3.337.846
Turkish Statistical Institute	3.236.300
Selection and Placement of Students in Higher Education Institutions	5.576.773
Presidency of Defense Industries	1.002.296
High Council Presidency of Atatürk Culture, Language and History	106.284
Ataturk Research Centre	50.867
Ataturk Culture Centre	59.347
Türkiye İncirana Institution	1.110.203

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

Special budget administrations are public institutions that finance their expenditures through revenues they generate on their own and are listed in Schedule (II) annexed to Law No. 5018. A large portion of these administrations consists of state universities. In the institutional classification table, the amount of expenditure made by each special budget administration can be observed.

Figure 4.4*Regularity and Supervisory Institutions*

III-Regularity and Supervisory Institutions	41.437.299
Radio and Television Supreme Council	1.317.402
Information Technologies and Communications Authority	28.913.032
Capital Markets Board	2.383.992
Banking Regulation and Supervision Agency	1.910.039
Energy Market Regulatory Authority	2.761.104
Public Procurement Authority	1.385.880
Competition Authority	1.151.302
Public Surveillance, Accounting and Control Standards Agency	256.767
Personal Data Protection Agency	269.189
Nuclear Regulatory Authority	763.221
Insurance and Special Pension Regulation and Supervision Agency	325.371

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

Regulatory and supervisory agencies are boards, institutions, or higher bodies that regulate and oversee the decisions and behaviors of private sector entities in certain strategic areas and in sectors characterized by natural monopolies. These agencies, listed in Schedule (III) annexed to Law No. 5018, are also authorized to generate their own revenues. In the institutional classification table, the expenditure amount of each regulatory and supervisory agency can be observed.

In addition to public administrations within the scope of central government, local administrations (municipal and provincial governments) and social security institutions can also be included in the institutional classification.

Example: *A citizen who is interested in finding out the total annual expenditure of the Ministry of National Education can obtain this information by referring to the institutional classification within the state budget data.*

The total annual expenditures of each public administration can be collectively accessed through the institutional coding tables available under the “General Government Budget Statistics” section on the website of the General Directorate of Public Accounts, Ministry of Treasury and Finance of the Republic of Türkiye (<https://muhasebat.hmb.gov.tr/genel-yonetim-butce-istatistikleri>). In addition, for a more detailed view of the budget information of any specific public

administration, including its sub-items, one can consult the budget tables or annual activity reports published on the official website of the relevant institution.

4.2.2. Functional Classification

The functional classification of public expenditures is a type of budget table based on the core functions of the state and disaggregated according to the types of services provided. Functional classification, which shows how much the state spends on essential services such as education, health, defense, and security, is significant both for enabling international comparisons and for allowing citizens and researchers to monitor these data (Presidency of Strategy and Budget of the Republic of Türkiye, 2024).

In the institutional classification explained above, the total expenditures of the institutions related to a given service do not necessarily reflect the total amount spent on that service. This is because expenditures related to a specific service area may also appear in the budgets of public institutions whose primary mandate lies elsewhere. For instance, the total expenditures of institutions related to education in the institutional classification do not reflect the state's total education expenditures. This is due to the fact that the budget of the Ministry of Interior, whose primary area is not education, includes spending on institutions such as the Police Academy and the Gendarmerie and Coast Guard Academy, which are indeed considered education expenditures. Therefore, a functional classification that is independent of the institutional classification and based specifically on service types has been deemed necessary.

In the functional classification, there are ten main functions: general public services, defense services, public order and safety services, economic affairs and services, environmental protection services, housing and community amenities, health services, recreation, culture, and religion services, education services, and social security and welfare services.

General public services include the functions of legislative and executive bodies, financial and fiscal affairs and services, foreign affairs services, foreign economic aid, general personnel, planning, and statistical services, basic research services, debt management services including interest payments, and general-purpose monetary transfers among public administrations.

Defense services cover military defense services, civil defense services, foreign military aid, and research and development services related to defense.

Public order and safety services include general and judicial security services, traffic safety services, institutional security services, fire protection services, court services, and prison administration services.

Economic affairs and services encompass general economic and commercial

affairs and services, labor market affairs and services, agriculture, forestry, fishing and hunting services, fuel and energy services, mining, manufacturing and construction services, transportation services, and communication services.

Environmental protection services include waste management services, wastewater management services, pollution abatement services, and services for the protection of natural habitats and biodiversity.

Housing and community amenities include housing affairs and community welfare services, water supply affairs and services, and street and road lighting services.

Health services comprise services and operations related to medical products, devices, and equipment, outpatient treatment services, hospital services, and public health services.

Recreation, culture, and religion services include recreational and sports services, cultural services, broadcasting and publishing services, and religious services.

Education services include pre-primary and primary education, secondary education, post-secondary vocational education, higher education, education services not defined by level, and auxiliary services related to education.

Social security and welfare services consist of sickness and disability benefits, old-age benefits including pensions, family and child benefits, unemployment benefits, housing assistance, and services provided to those without social security coverage.

Figure 4.5

Functional Classification

1. Level	2. Level	3. Level		TOTAL
				2.435.893.256
1	0	0	I-General Public Services	592.597.802
2	0	0	II-Defense	840.570.790
3	0	0	III-Public Order and Security	1.841.558.559
4	0	0	IV-Economic Affairs	172.586.733
5	0	0	V-Environmental Protection	595.893.999
6	0	0	VI-Housing and Community Amenity	1.816.333.624
7	0	0	VII-Health	280.322.394
8	0	0	VIII-Recreation, Culture and Religion Services	1.444.015.248
9	0	0	IX-Education	4.725.540.722
10	0	0	X-Social Security and Aid	

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

The main functions detailed above have been structured in accordance with international standards. Each main function is associated with sub-functions that correspond to specific service areas. These sub-functions, in turn, contain final services as their sub-items. Therefore, the functional classification is composed of a three-tier coding structure.

Figure 4.6

Education Expenditures to the Fourth Level

1. Level	2. Level	3. Level		
9	0	0	IX-Education	1.444.015.248
9	1	0	Pre-Primary and Primary Education	545.648.221
9	1	1	Pre-Primary Education	37.234.538
9	1	2	Primary Education	508.413.683
9	2	0	Secondary Education	329.482.511
9	2	1	General Programs of Secondary School	125.055.286
9	2	2	Technical Secondary School	204.263.906
9	2	9	Secondary Education Not Elsewhere Classified	163.319
9	3	0	Post-Secondary Vocational Education	288.238.919
9	4	0	Tertiary Education	271.865.469
9	4	1	University and Other Tertiary Educations	16.373.449
9	4	2	Doctoral Education	67.782.826
9	5	0	Education not Definable by Level	150.149.170
9	6	0	Subsidary Services to Education	11.607.773
9	8	0	Research and Development of Education	11.607.773
9	8	8	Research and Development of Education	51.105.769
9	9	0	Education Services Not Elsewhere Classified	51.105.769
9	9	9	Education Services Not Elsewhere Classified	51.105.769

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

Example: *A citizen who is interested in finding out the total amount the state spent on primary education services in a given year can obtain this information by referring to the item “9.1.2 – Primary Education Services” under “9 – Education Services” in the functional classification.*

Since the introduction of program classification in Türkiye in 2021, functional classification has no longer been included in the budget law and is now monitored solely through information systems for the purpose of generating statistical data (Presidency of Strategy and Budget of the Republic of Türkiye, 2024).

On the website of the General Directorate of Public Accounts under the Ministry of Treasury and Finance of the Republic of Türkiye, functional classification-based budget tables for each year can be accessed through the “General Government Budget Statistics” section (<https://muhasibat.hmb.gov.tr/genel-yonetim-butce-istatistikleri>). These tables are available separately for the “central government,” “local administrations (municipal and provincial governments),” and “social security institutions.” Additionally, functional classification budget tables for the “general government,” which represent the sum of all these components, are also accessible. Furthermore, budget data published on the official websites of individual public institutions often include budget tables based on functional classification, which can be consulted for more detailed information.

4.2.3. Economic Classification

The economic classification of public expenditures is a type of budget table in which government spending is categorized according to its impact on the economy (Presidency of Strategy and Budget of the Republic of Türkiye, 2024). Expenditures made by the government in exchange for goods and services from which it expects to derive benefits during the current fiscal period are considered “current expenditures.” These have a direct short-term effect on aggregate demand in the economy. Salaries paid to public personnel and the purchase of office supplies, for example, are classified as current expenditures. Expenditures made for goods and services that provide benefits in future years are classified as “capital expenditures” (investment expenditures), which have a direct long-term effect on aggregate demand. Construction and repair costs of public service buildings are examples of investment expenditures. In addition to these, the government also makes non-compensatory payments without any purchase of goods or services—these are referred to as “transfer expenditures.” Examples include treasury subsidies provided to certain institutions and organizations, scholarships for students, pension payments, agricultural subsidies to farmers, social assistance for low-income groups, and interest payments made by the state. Transfer expenditures do not have a direct effect on aggregate demand, as they merely represent a redistribution of money within the economy without involving the purchase of goods or services. When public expenditures are classified based on such economic effects, eight main expenditure items can be identified. These represent the first-level codes of the economic classification.

Figure 4.7

Economic Classification

				(Thousand TL)	
1. Level	2. Level	3. Level	4. Level		TOTAL
0	0	0	0	Budget Expenditures	14.745.313.128
1	0	0	0	I-Compensation of Employees	2.861.483.553
2	0	0	0	II-Social Security Contributions	355.888.187
3	0	0	0	III-Goods and Services Purchases	1.558.367.351
4	0	0	0	IV-Interest	1.324.758.456
5	0	0	0	V-Current Transfers	6.250.782.269
6	0	0	0	VI-Capital Expenditures	1.401.104.065
7	0	0	0	VII-Capital Transfers	652.149.067
8	0	0	0	VIII-Lending	340.780.180

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

Compensation of Employees: This category covers payments made to individuals employed as public personnel or under conditions equivalent to public employment. It includes detailed expenditures for civil servants, workers, and contracted personnel, as well as for members of parliament, the President, and intelligence personnel. The types of payments made to these employees are further broken down into salaries, raises and compensations, allowances, social benefits, overtime payments, rewards, and bonuses.

Social Security Contributions: This category includes insurance premium payments made by the state, in its capacity as an employer, to the Social Security Institution on behalf of its employees. These payments are disaggregated according to employment type, such as civil servant or worker.

Goods and Services Purchases: This covers purchases of office supplies, rent, fuel, electricity, and routine maintenance and repair expenses, as well as expenditures for communication services such as telephone, travel expenses, transportation services, and payments for equipment with low value or a useful life of less than one year.

Interest: This expenditure type includes the government's domestic and foreign debt interest payments, with details such as whether they arise from government bonds or treasury bills.

Current Transfers: These are non-compensatory payments that do not aim at capital accumulation and are made to finance current expenditures on goods and services. Current transfers encompass a wide variety of spending types, which can be summarized as follows:

- Payments made to cover assignment-related expenses (also known as covering duty losses) of public enterprises, social security institutions, financial institutions, revolving fund enterprises, funds, and other entities
- Treasury subsidies provided to public institutions
- Transfers to non-profit organizations such as associations, foundation universities, trade unions, and political parties
- Transfers to households and businesses for health, food, and housing purposes, as well as scholarships and allowances, transfers with social, economic, and financial objectives, agricultural and livestock subsidies
- Benefit payments made by the Social Security Institution to households, including retirement pensions (recorded in the budget as “old-age pensions”), retirement bonuses, marriage allowances, and maternity grants
- Transfers to foreign countries, international and supranational organizations, and certain educational institutions abroad
- Shares allocated from centrally collected general budget tax revenues for transfer to specific administrations, institutions, and organizations

Capital Expenditures: These are investment expenditures made for the acquisition or maintenance of fixed capital or real estate assets whose benefits extend beyond one year. This category includes expenditures for the acquisition of finished goods, production of tangible capital assets, acquisition of intangible rights, purchase and expropriation of real estate, production of real estate capital assets, major repairs of movable and immovable properties, and inventory acquisitions.

Capital Transfers: These are non-compensatory transfers made by the government to institutions, enterprises, or individuals to enable them to invest or acquire capital-type goods and services. This includes capital transfers to state economic enterprises, state banks, funds, households, and foreign entities, as well as treasury subsidies allocated to public institutions for investment purposes.

Lending: This category covers loans extended by the government to domestic and foreign administrations, institutions, and organizations.

Figure 4.8

Compensation of Employses

1. Level	2. Level	3. Level	4. Level		(Thousand TL)
				TOTAL	14,745,313,128
0	0	0	0	Budget Expenditures	2,861,483,553
1	0	0	0	I-Compensation of Employees	676,212,921
1	1	0	0	Civil Servants	173,444,445
1	1	10	0	Salaries	494,455,700
1	1	10	1	Salaries	8,312,775
1	1	10	2	Base Salary	1,353,966,950
1	1	10	3	Foreign Salary	1,353,966,950
1	1	20	0	Increase of Salary and Compensations	51,092,683
1	1	20	1	Increase of Salary and Compensations	51,092,683
1	1	30	0	Appropriations	66,178,233
1	1	30	1	Appropriations	66,178,233
1	1	40	0	Social Benefits	125,465,887
1	1	40	1	Social Benefits	21,895,054
1	1	50	0	Overtime Pay	222,174
1	1	50	1	Overtime Pay	101,162,762
1	1	50	2	Occupational Health and Safety Services Assignment Fees	2,185,898
1	1	50	3	Overtime Classes Pay	8,508,801
1	1	50	4	Payment for Support and Training Courses	8,508,801
1	1	60	0	Rewards and Bonus	7,062,998
1	1	60	1	Rewards and Bonus	7,062,998
1	1	90	0	Other	192,799,801
1	1	90	1	Other	290,003,368
1	2	0	0	Contractual Personnel	37,746,154
1	3	0	0	Workers	38,899,757
1	4	0	0	Temporary Personnel	1,246,480
1	5	0	0	Other Personnel	2,196
1	7	0	0	Deputies	12,297,323
1	8	0	0	Appropriation of President of a Republic	
1	9	0	0	Personnel of National Intelligence Organization	

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

Beneath these main expenditure items, there are also second, third, and fourth-level subcategories that allow for a more detailed understanding of the expenditures. In the example visual above, only a segment of the lower-level details related to a single first-level economic classification item is provided. Accordingly, the first-level main item is “1 – Compensation of Employees”. The distribution of these personnel expenditures among categories such as “1.1 - Civil Servants,” “1.2 - Contractual Personnel,” “1.3 - Workers,” “1.4 - Temporary Personnel,” “1.5 - Other Personnel,” “1.7 - Deputies,” “1.8 – Appropriation of President of a Republic,” and “1.9 – Personnel of National Intelligence Organization” is reflected in the second-level subcategories. At the third sub-level, which shows the types of payments made to the groups listed at the second level—taking civil servants as an example—items such as “1.1.10 –Salaries,” “1.1.20 – Increase of Salary and Compensations,” “1.1.30 – Appropriations,” “1.1.40 – Social Benefits,” “1.1.50 – Overtime Pay,” and “1.1.60 – Rewards and Bonus” are included. The fourth

level, if applicable, provides further breakdown of the third-level items. For the sake of simplicity, the lower-level details of second-level categories other than civil servants are not shown in the visual above.

Example 1: *A citizen interested in the government’s expenditures on stationery supplies for consumption purposes can obtain this information by referring to the item “3.2.10.1 – Stationery” under “3 – Goods and Services Purchases” in the economic classification within the state budget data.*

Example 2: *A citizen interested in the government’s foreign debt interest payments can obtain this information by referring to the item “4.3 – Foreign Debt Interest” under “4 – Interest” in the economic classification within the state budget data.*

Example 3: *A citizen interested in the non-compensatory payments made by the government to political parties can obtain this information by referring to the item “5.3.10.4 – Political Parties” under “5 – Current Transfers” in the economic classification within the state budget data.*

Example 4: *A citizen interested in the government’s investment expenditures for purchasing or expropriating immovable properties such as land, plots, and buildings can obtain this information by referring to the item “6.4 – Immovable Purchase and Nationalizations” under “6 – Capital Expenditures” in the economic classification within the state budget data.*

On the website of the General Directorate of Public Accounts under the Ministry of Treasury and Finance of the Republic of Türkiye, budget tables based on the economic classification are available annually through the “General Government Budget Statistics” section (<https://muhasebat.hmb.gov.tr/genel-yonetim-butce-istatistikleri>). These tables can be accessed separately for the “central government,” “local administrations (municipal and provincial governments),” and “social security institutions.” In addition, functional classification budget tables representing the aggregate, known as the “general government,” are also accessible. Furthermore, budget data published on the official websites of individual public administrations often include budget tables based on the economic classification, which can be reviewed for more detailed information.

4.2.4. Financing Type Classification

The classification of public expenditures by type of financing is a budget table that categorizes government expenditures according to the source of their funding

(Presidency of Strategy and Budget of the Republic of Türkiye, 2024). In this classification, the purpose or destination of the expenditures is not considered. It follows a similar breakdown to the institutional classification explained earlier, distinguishing between “general budget administrations,” “special budget administrations,” and “regulatory and supervisory institutions.”

Figure 4.9

Financing Type Classification

ADMINISTRATIONS	
01	General budget administrations
02	Special budget administrations
03	Regulatory and supervisory institutions
04	Social security institutions
05	Local administrations
06	Special allowances
07	External project loans
08	Conditional donations and aid
09	Investment monitoring and coordination directorates
10	Revolving funds
11	Funds
12	Special accounts
13	Higher education own revenues
14	Resources transferred from administrations within the scope of the central government budget in return for service provision
15	Resources transferred from outside the central government budget for service provision
16	Resources related to investments made through special provincial administrations

Note. From Presidency of Strategy and Budget of the Republic of Türkiye (2024)

Data related to the classification by type of financing are not available at the national level, as this classification consists of a two-digit coding system that can only be observed within individual administrations’ budgets. This type of classification exists for technical reasons and does not play a significant role in enabling citizens to follow the budgetary processes.

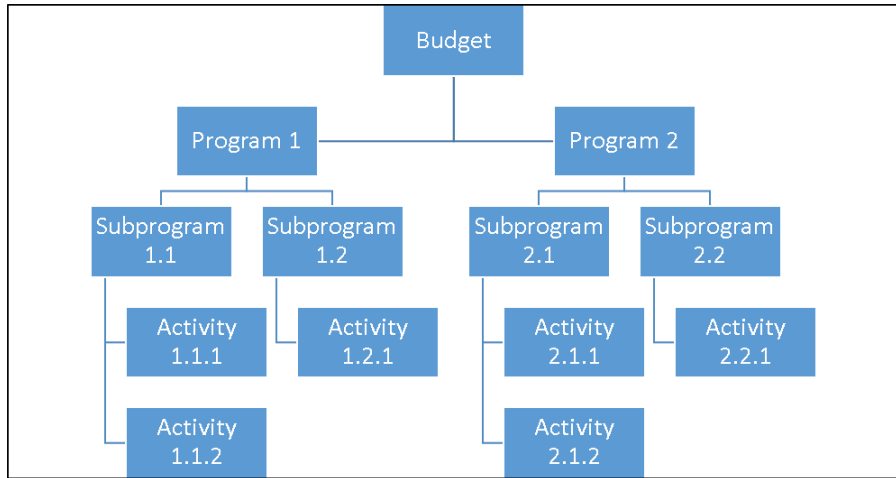
4.2.5. Program Classification

The program classification, implemented in Türkiye since 2021, is a budget table that categorizes expenditures according to government activities. The

program classification consists of three levels: Program – Subprogram – Activity. The hierarchy of programs within the state budget can be represented as follows.

Figure 4.10

Hierarchy of Programs within the State Budget



Programs are collections of activities associated with the fundamental objectives of the government. Programs constitute the primary level of this classification. The total expenditure for any given program indicates how much the government has spent on that particular fundamental objective. Subprograms are subdivisions of programs, providing more detailed breakdowns of each program. The operations that enable the government to achieve its outputs and targets within programs and subprograms are coded as activities. Activities must be traceable and allocable, meaning that the expenditures made for each activity serve a subprogram, and each subprogram in turn serves a program. Overall, the programming structure provides a detailed view of how each expenditure aligns with the government's objectives (Presidency of Strategy and Budget of the Republic of Türkiye, 2024).

Example 1:

Program (Basic Education)

Subprogram (Preschool and Primary Education)

Activity (Distribution of Free Textbooks in Primary Education)

For example, an expenditure of 100 Turkish Liras on the activity of distributing free textbooks in primary education can be seen in the budget as allocated to the

“Preschool and Primary Education” subprogram, which is part of the broader “Basic Education” program.

Example 2:

Program (Curative Health)

Subprogram (Treatment Services)

Activity (Oral and Dental Health Services)

Similarly, an expenditure of 100 Turkish Liras on the activity of oral and dental health services can be observed in the budget as allocated to the “Treatment Services” subprogram, which is part of the broader “Curative Health” program. The list of programs implemented in Türkiye is provided below.

Table 4.1

List of programs Implemented in Türkiye

PROGRAMS	
Protection and Empowerment of the Family	Protection and Sustainable Management of Forests and Nature
Active and Healthy Aging	Secondary Education
Research, Development, and Innovation	Measurement, Selection, and Placement
Combating Addiction	Art and Cultural Economy
Information and Communication	Industrial Development, Production, and Investment Support
Regional Development	Industrial Property Rights
Presidency	Social Security
Protection and Development of Children	Development and Support of Sports

Railway Transportation	Strategic Management and Resource Allocation
Maritime Transportation	Sustainable Environment and Climate Change
External Audit and Judicial Review of Accounts	Urbanization and Risk-Based Integrated Disaster Management
Foreign Policy	Martyrs' Families and Veterans
Religious Services and Non-Formal Religious Education	Natural Resources
Energy Supply Security, Efficiency, and Energy Market	Land Registry and Cadaster
Inclusion of People with Disabilities in Society and Education	Agriculture
Development of the Financial System and Insurance	Curative Health
Youth	Basic Education
Migration Management	Regulation, Development, and Facilitation of Trade
Lifelong Learning	Public Safety
Management of Treasury Assets and Liabilities	Use and Management of Land and Water Resources
Law and Justice	Traffic Safety
Human Rights	Development of Tourism
Statistics	Consumer Protection, Product and Service Safety, and Standardization
Employment	National Defense and Security
Empowerment of Women	International Educational Cooperation and Overseas Education

Ombudsmanship	International Development Cooperation
Public Revenue Management	Space and Aviation
Highway Transportation	Citizenship and Civil Society
Combating the Informal Economy	Legislation
Rural Development	Empowerment of Local Governments
Combined Transport, Logistics, and Transportation of Dangerous Goods	Combating Poverty and Social Solidarity
Preventive Health	Higher Education
Meteorology	Management and Support Program
National Culture	Off-Budget Expenditures

Note. From Presidency of Strategy and Budget of the Republic of Türkiye (2024)

Each program has a single administration responsible for its coordination, as well as various administrations that implement the program. For example, the Ministry of Health is the coordinating body for the “Combating Addiction” program, while the implementing bodies include the General Directorate of Security, the Ministry of Youth and Sports, and the Ministry of Health. As another example, the Ministry of Transport and Infrastructure coordinates the “Highway Transportation” program, with the Ministry of Interior, the General Directorate of Highways, and the Ministry of Transport and Infrastructure serving as the implementing administrations (Presidency of Strategy and Budget of the Republic of Türkiye, 2024).

Figure 4.11*Examples of Programme Classification*

	1.875.405
	2.147.535
	10.239.185
Protection and Empowerment of the Family	823.160
Active and Healthy Aging	2.889.490
Research, Development and Innovation	1.543.790
Combating Addiction	6.444.412
Information and Communication	1.523.258
Regional Development	32.573.741
Protection and Development of Children	699.977
Presidency	19.196.550
Railway Transportation	450.957
Maritime Transportation	7.914.897
Religious Services and Non-Formal Religious Education	75.924.672
External Audit and Judicial Review of Accounts	32.770.414
Foreign Policy	36.536.264
Energy Supply Security, Efficiency and Energy Market	1.497.243
Social Inclusion of Persons with Disabilities and Special Education	5.473.985
Development of the Financial System and Insurance	6.141.726
Youth	282.113.185
Public Safety	52.286.927
Lifelong Learning	98.498
Management of Treasury Assets and Liabilities	553.032
Law and Justice	
Human Rights	
Statistics	

Note. From Presidency of Strategy and Budget of the Republic of Türkiye (2025b)

The development of total budget expenditures according to the program classification can be accessed through the “Budget” section under the “Reports” tab, specifically the “Monthly Budget Realizations” subsection, on the website of the Presidency of Strategy and Budget (<https://www.sbb.gov.tr/merkezi-yonetim-butcesi-aylik-gerceklesmeleri/>). Additionally, in the budget tables available on the websites of individual government administrations, it is possible to access the program classification of expenditures pertaining to that specific public administration.

4.3. Guide to the Revenue Items of the State Budget

All revenues collected by the government are presented in a table based on the economic classification. Naturally, the largest source of government revenue is tax income. However, there are also revenues obtained from sources other than taxes.

Figure 4.12

Revenues Economic Classification

				(Thousand TL)	
1. Level	2. Level	3. Level	4. Level		TOTAL
0	0	0	0	Budget Revenues	12.601.419.538
1	0	0	0	Taxes	7.395.482.738
2	0	0	0	Social Contribution Revenues	2.864.336.329
3	0	0	0	Property Income	521.397.535
4	0	0	0	Grants and Aids and Special Revenues	253.993.813
5	0	0	0	Other Revenues (Interests, Shares, and Fines)	1.435.479.363
6	0	0	0	Capital Revenues	112.633.815
8	0	0	0	Collections from Loans	18.095.945

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

The first level of the four-tier coding system represents the type of revenue. These main categories include tax revenues, social security revenues, revenues from enterprises and property, donations and aids received along with special revenues, interests, shares and fines, capital revenues, and collections from receivables. Detailed codes are provided in the subsequent levels.

Tax revenues: Taxes, fees, charges, and similar revenues collected by the government can be tracked here. Tax revenues are broken down by tax category at the second level and by tax type at the third level.

At the second level, “taxes on income, profits, and capital gains” comprise the total of “Income Tax” collected from individuals’ incomes and “Corporation Tax” collected from the earnings of legal entities such as corporations. These tax types are shown at the third level, with further details provided at the fourth level.

Taxes levied on property include the “Inheritance and Gift Tax,” “Motor Vehicle Tax,” and other wealth taxes collected from buildings, land, real estate, valuable residences, environmental cleaning, and similar sources.

The category of domestically collected goods and services taxes consists of indirect taxes collected on domestic expenditures (consumption). These include the “Value Added Tax,” “Special Consumption Tax,” “Banking and Insurance Transactions Tax,” “Gambling Tax,” “Special Communication Tax,” “Digital Service Tax,” “Accommodation Tax,” and other goods and services taxes mainly collected by local governments (such as Entertainment Tax, Publication and

Advertising Tax). Taxes collected on international trade and transactions include indirect taxes levied on foreign trade operations, such as “Customs Duties” and “Value Added Tax on Imports”. The “Stamp Duty” constitutes a standalone category and is a tax levied on official documents. Fees, while differing from non-refundable taxes due to being charged for certain public services, form a separate category of tax revenues in the state budget. This category includes judicial fees and fees from commercial and tradesman registry transactions such as “Judicial Fees,” “Notary Fees,” “Tax Judgement Fees,” “Title Deed Fees,” “Passport and Consulate Fees,” “Ship and Harbor Fees,” “Concession Fees,” “Traffic Fees,” and other fees collected by central and local administrations. In addition to all these categories, taxes that are not classified elsewhere are grouped in a separate category.

Figure 4.13

Details of Taxes Classification to Fourth Level

				(Thousand TL)
1. Level	2. Level	3. Level	4. Level	TOTAL
1	0	0	0	7.395.482.738
1	1	0	0	2.417.785.745
1	1	1	0	1.527.587.710
1	1	2	0	890.198.035
1	2	0	0	121.886.524
1	2	1	0	6.439.758
1	2	2	0	72.485.877
1	2	9	0	42.960.889
1	3	0	0	2.907.049.411
1	3	1	0	992.637.550
1	3	2	0	1.464.247.001
1	3	3	0	343.538.969
1	3	4	0	36.685.315
1	3	5	0	30.270.938
1	3	6	0	20.985.801
1	3	7	0	11.734.835
1	3	8	0	6.949.001
1	3	9	0	1.565.226.166
1	4	0	0	227.169.897
1	4	1	0	1.333.933.869
1	4	2	0	4.122.400
1	4	3	0	147.812.500
1	4	4	0	119.922.946
1	4	5	0	27.889.554
1	4	6	0	234.735.944
1	4	7	0	38.615.846
1	4	8	0	7.504.570
1	5	0	0	-53
1	5	1	0	98.764.559
1	5	2	0	15.894.150
1	5	3	0	781.031
1	5	4	0	1.097.208
1	5	5	0	8.865.279
1	5	6	0	63.213.855
1	5	7	0	986.447
1	5	8	0	211
1	5	9	0	-20.196
1	6	0	0	1.006.433
1	6	1	0	
1	6	2	0	
1	6	3	0	
1	6	4	0	
1	6	5	0	
1	6	6	0	
1	6	7	0	
1	6	8	0	
1	6	9	0	
1	9	0	0	
1	9	1	0	
1	9	2	0	
1	9	9	0	

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

In the example visual above, only a portion of the first-level revenue category “Tax Revenues” and its subordinate detailed levels within the economic classification of revenue are presented. The fourth level contains detailed breakdowns of the third level. However, for ease of understanding, these fourth-level details are not shown in the above visual.

Social contribution revenues: These are revenues obtained and used by the Social Security Institutions of the state. They consist of detailed items such as social insurance premium revenues, general health insurance premium revenues, and premiums related to occupational accidents and diseases.

Property income: This category covers revenues earned by the state as an entrepreneur, including those from State Economic Enterprises (SEEs) and public banks, revenues obtained from certain services provided by administrations, and revenues from the sale or leasing of assets unrelated to investments.

Grants and aids and special revenues: These consist of current and capital grants and aids obtained from both domestic and foreign sources. Such donations and aids are non-repayable and unconditional, distinguishing them from borrowings. Additionally, revenues earned by general budget administrations—which normally do not generate income from their services—due to some chargeable services they provide are classified as “special revenues” and shown under this budget item. For example, the repayments of student loans collected by the General Directorate of Credit and Dormitories, a general budget administration, are considered “special revenues” and included under this item.

Other revenues (interests, shares, and fines): These include interest from loans granted, interest on overdue payments, participation shares paid by individuals and institutions toward expenditures and administrative costs, and fines collected due to non-compliance with regulations (such as tax fines, judicial fines, and traffic fines).

Capital revenues: Revenues obtained from the sale of fixed capital assets related to investments, inventories, land, plots, and intangible assets. Examples include sales of real estate such as housing, social facilities, buildings, land and plots, movable assets like vehicles and stocks, as well as securities and precious metals.

Collections from loans: Revenues obtained from repayments of previously granted loans (principal only) or sales of previously acquired shares. These are further disaggregated into domestic and foreign sources, and by various administrations, organizations, or households.

Example 1: *A citizen curious about the domestic Value Added Tax (VAT) revenues collected from consumption within the country can find this information in the government budget data by referring to the economic classification of revenues under the category “1.3 – Domestic Taxes on Goods and Services,” specifically the subcategory “1.3.1 – Domestic Value Added Tax.”*

Example 2: *A citizen interested in the Corporate Tax revenues collected from the earnings of legal entities can find this information in the government budget data by referring to the economic classification of revenues under the category “1.1 – Taxes on Income, Profit, and Capital Gains,” specifically the subcategory “1.1.2 – Corporation Tax.”*

On the website of the Republic of Türkiye Ministry of Treasury and Finance, General Directorate of Public Accounts, under the “General Government Budget Statistics” section (<https://muhasebat.hmb.gov.tr/genel-yonetim-butce-istatistikleri>), economic classification tables of budget revenues are available for each year. Budget revenue tables for “central government,” “local administrations (municipalities),” and “social security institutions” can be accessed separately, as well as consolidated tables representing the “general government” total budget revenues. Additionally, the budget revenue tables of individual public administrations can be reviewed through their respective official websites.

It should be noted that not all types of revenues are visible in the budget revenue tables of each administration type, since the authority to collect certain revenues is assigned to specific administrations. For example, data related to taxes such as Income Tax and Corporation Tax, which are collected exclusively by the central government, are available only within the general budget and the central government budget, whereas such data are absent in the budget statistics of local administrations and social security institutions. Similarly, in the budget statistics of local administrations, only revenues collected by local governments are reported. Therefore, for a citizen who wishes to learn about all state revenue sources regardless of administration types, the most appropriate source would be the budget revenue tables under the general government budget statistics.

4.4. What Should We Understand from the State Budget Balance?

The budget balance is the value obtained by subtracting expenditures from revenues in the state budget. If this value is positive, it indicates a budget surplus; if negative, it indicates a budget deficit; and if it is zero, the budget is said to be balanced.

In the event of a budget deficit, the shortfall must be financed through

domestic or foreign borrowing. If the general government budget—which covers all public administrations—runs a deficit, this is called the public sector borrowing requirement. In other words, it represents the total budget shortfall of the state and the amount of borrowing needed to finance that deficit.

Figure 4.14

Budget Balance

Budget Expenditures	8.758.648.958
Compensation of Employees	1.426.868.750
Social Security Contributions	199.240.555
Good and Service Purchase	911.120.697
Interest	694.784.162
Current Transfers	3.619.723.005
Capital Expenditures	866.519.758
Capital Transfers	856.480.750
Lending	183.911.281
Budget Revenues	7.387.582.057
Taxes	4.565.648.561
Social Contribution Revenues	1.549.276.620
Property Incomes	347.789.734
Grants and Aids and Special Revenues	55.375.202
Interest, Shares and Fines	767.343.284
Capital Revenues	92.439.707
Collections from Loans	9.708.948
Budget Balance	-1.371.066.901

Note. From Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts (2025)

Due to changes in the value of money, the budget balance figures may not yield realistic results when comparing across years. To obtain more accurate and comparable outcomes, it is necessary to consider the ratio obtained by dividing the budget balance amount by that year's Gross Domestic Product (GDP).

4.5. How Can I Use What I've Learned?

In light of all the explanations provided in this section, it is now possible to understand what any income or expenditure item in a budget table means

and what it includes. How these should be interpreted and which path to follow to satisfy a particular curiosity will be explained in the remainder of this book. Whether it stems from a citizen's interest or from an academic study, we can assume that budget tables are typically examined for four main purposes:

- To find the amount of a specific income or expenditure item for a given year,
- To observe the country's budgetary policy preferences (i.e., the government's revenue and expenditure priorities),
- To track the evolution of budget data over time for the same country,
- To enable cross-country comparisons of budget data.

To directly access the amount of any income or expenditure item in the budget for a given year, the explanations provided above in this section will be sufficient. Since this does not require tracking changes over the years or making cross-country comparisons, the nominal figures obtained will be useful. For instance, someone who wants to see how much was spent on environmental protection services can refer to the functional classification of expenditures; someone who wants to see how much was spent on interest payments can consult the economic classification of expenditures; someone who wants to know how much the Ministry of Interior spent can look at the institutional classification of expenditures; and someone who is curious about how much Special Consumption Tax was collected from the sale of motor vehicles can refer to the economic classification of revenues. In this way, the desired amount for the specific budget item in the relevant year can be directly accessed.

To understand budget policy preferences (i.e., the government's spending and revenue priorities), the raw values of budget items alone do not provide meaningful insights. For instance, knowing how much was spent on health services does not by itself reveal the country's budgetary stance on health. To understand such preferences or the structure of the budget, each expenditure item must be expressed as a proportion of total budget expenditures, and each revenue item as a proportion of total budget revenues. This way, the percentage share of each budget item within the total budget is identified, revealing how much of the budget is allocated to a given area. For example, the fact that the government spent 1.8 trillion TL on health services in 2024 merely satisfies personal curiosity, but it does not offer insight into the structure of the budget. However, dividing this health expenditure by the total government expenditure in 2024 (14.75 trillion TL) shows that the government allocated 12.32% of its 2024 budget to health services. Considering the shares of other service categories within the budget, it becomes possible to draw conclusions about budgetary policy or structure. The same logic applies to other classification types as well.

To observe the progression of budget data over the years for the same country, the raw values of budget items alone will not provide meaningful insight. This is because, over time, both the value of money and the total budget figures change, which also affects the nominal values of budget items. For example, the fact that the health services item in Türkiye amounted to 470.9 billion TL in 2022 and 983.2 billion TL in 2023 does not reveal a real change. This is because the purchasing power of money fluctuates year by year, and the difference in budget values between these two years does not represent an actual shift. To observe real change, the most accurate method would be to adjust the budget figures for inflation using price indices. However, since this requires detailed and technical knowledge, it may be difficult for ordinary citizens to apply. Therefore, just as explained earlier, calculating the ratio of the relevant budget items to the total budget expenditures of the respective years also allows us to perceive changes across years in a reliable way. Considering that the total budget expenditures were 3.9 trillion TL in 2022 and 8.7 trillion TL in 2023, we can see that the share of health services in the total budget declined from 11.9% to 11.2%. This comparison provides a more accurate picture. The same relative evaluation can also be made by expressing budget items as a share of the country's total income, that is, the Gross Domestic Product (GDP).

To enable comparisons of budget data across multiple countries, the raw values of budget items alone will not provide meaningful insight. Because each country has different economic capacities and currencies, making accurate comparisons is difficult. For instance, in 2023, while Türkiye's expenditure on health services amounted to 983.2 billion TL (Ministry of Treasury and Finance of the Republic of Türkiye, General Directorate of Public Accounts, 2025), the same expenditure item in Hungary was 8 billion euros (Eurostat, 2025a)—comparing these figures directly is quite challenging. However, calculating the ratio of each country's health services expenditure to its GDP for that year [26.5 trillion TL for Türkiye (Turkish Statistical Institute, 2025) and 197.9 billion euros for Hungary (Eurostat, 2025b)] offers a more accurate method, as it takes into account both economic capacity and currency differences. Accordingly, it becomes easier to compare that, in 2023, the share of health services spending in the economy was 3.7% in Türkiye and 4.1% in Hungary.

In summary, the information provided in this section offers citizens valuable guidance on how to interpret government budget data—whether by understanding the absolute value of a specific item on its own or by making comparisons across different years, categories, or countries.

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CONCLUSION

This book aims to help citizens understand basic concepts related to the state budget, follow the budgeting process in Türkiye, know their rights regarding the budget and how to access budget-related information and documents, and ultimately become technically proficient in budget literate. Any citizen who reads this book will be able to both access and understand budget information and documents. Thus, it will strengthen financial transparency by serving the principles of openness and transparency in the budget.

A citizen with budget literacy will not only understand the meaning of budget items and the budget structure for a given year but also be able to interpret budget data and compare it across different years. To do this effectively, it's important to look beyond the nominal figures and consider budget data as ratios to the total budget or gross domestic product. This approach will enable tracking actual changes over the years and provide a more realistic view of changes in budget policy.

In today's world, where financial transparency and accountability are crucial, being budget-savvy is essential. It helps prevent the misuse of public funds and supports a healthy economy. It also strengthens the bond between the government and its people and makes taxpayers more willing to pay taxes. Therefore, to foster public awareness and budget literacy, it is essential to provide basic education on budget literacy in schools and support lifelong learning through resources like this book.

Ultimately, the book aims to empower citizens to participate more consciously in budget processes, promote efficient use of public resources, and strengthen financial transparency and accountability. In addition, it encourages individuals to understand budget data and develop a critical perspective based on this data. Budget-literate individuals are expected to engage more actively in democracy and advocate effectively for both their rights and the common good.

AUTHORS

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After graduating from the Department of Public Finance at the Faculty of Economics and Administrative Sciences, Çukurova University, in 2003, Cihan Yüksel completed his master's degree in 2006 at the Department of Public Finance, Institute of Social Sciences, Çukurova University, with a thesis titled *“Public Solutions to Externalities: The Case of Türkiye.”* He received his Ph.D. in 2013 from the Department of Public Finance (Public Economics), Institute of Social Sciences, Ankara University, with a dissertation titled *“Structuralist Economics and Fiscal Adjustment.”* He began his academic career in 2007 as a Research Assistant in the Department of Public Finance, Faculty of Economics and Administrative Sciences, Mersin University, where he served as Assistant Professor between 2013 and 2020, and has been working as Associate Professor since 2020. Currently serving as the Chair of the Department of Budget and Fiscal Planning, Dr. Yüksel conducts research in the fields of public finance, government budget, and local government finance.

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His ongoing research agenda centers on strengthening participatory mechanisms in local governments, promoting green public procurement, and advancing the green economy, with a particular emphasis on integrating sustainability into public finance and governance practices.

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The state budget is our shared wallet—public money that belongs to all citizens. To safeguard it, citizens need budget literacy: the ability to understand how taxes are collected, where resources are allocated, and what services are provided in return. Budget-literate individuals can interpret public institutions' plans and reports, becoming more informed, responsible, and engaged members of society.

This book introduces the fundamentals of public budgeting in Türkiye, explains citizens' rights in the process, and offers tools to read revenue, expenditure, and budget balances. By strengthening budget literacy, it promotes transparency, accountability, and democratic participation while empowering citizens to protect public resources and prevent waste.



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