

Performance-Based Budget Arrangements, the Implementation Process and Advancements in Turkey

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Abstract

Performance based budgeting system focusing on the performance in the frame of outputs and results is accepted by many countries in our days and tried to be implemented. The fundamental purpose of this budgeting system is not directing the resource allocations directly depending on the shown performance but increasing the efficiency and effectiveness of the public sector by including the performance information in the budget process. In order to fulfill this purpose, performance based budget was started to be implemented during 2000s in Turkey. The Public Financial Management and Control Law no 5018 accepted at the end of 2003 was put into actual application in 2005. In this essay, new policy documents and processes as well as the institutional changes and applications brought by the Law no 5018 and the secondary regulations at the institutional and executive levels are explained. In the conclusion part of the essay, approximately ten years' experience of Turkey in transition to the performance based budgeting is analyzed.

Keywords: Budgeting System in Turkey, Performance Based Budgeting, Strategic Planning

JEL Classification: H61, H83, M48

1. Introduction

In today's world, especially the technological developments and globalization bring continuous development into the agenda. Recently, with the impact of the rapid change in the world, the public services have not been adequate for meeting the needs and expectations of the public, the ineffectiveness at the public institutions and wastefulness have undermined the trust of public for the public institutions. While stationery business and idleness prevent the efficient operation of the public institutions, it has also made it more difficult to benefit from the public services for the private sector and citizens.

An enterprise that has not reached profitability in the private sector is face to face with a clear result like "extinction" while a public institution that does not observe efficiency and effectiveness in services does not encounter such situations. In general, for a variety of reasons such as the idle structure of the public institutions, excessive employment, inefficient delineation of the authority and responsibilities, bureaucratic mentality, negative impacts of policy on the bureaucracy, the bad managed public sector can be said to hinder the developments rather than leading.

In addition to these, the countries that can create difference in the public management with good practices can be successful in every field of the global competition. For this reason, short and long-term, temporary and permanent regulations aiming at correcting the current bottlenecks and deficiencies in the objectives, duties, delineation of duties, organizational structure and employment system, planning mentality of the public institutions constitute the preliminary agenda of the public management all over the world.

The major crisis undergone in the world economies in the recent years caused the increase of the expenditures of the public sector causing the increase of taxes, and this situation gave way to questioning the mentality of the public finance management. Increasing the quality of the public services, increasing the resource utilization capacity, ensuring efficiency and economy in the utilization of resources, political and managerial accounting mechanisms and applications for improving financial transparency gained speed. In the public management, such reforms as performance management and strategic management have been on the agenda.

One of the most important changes undergone in the public finance management is the transition from the mentality of traditional budgeting focusing on the distribution of resources and input which takes the centralization as the basis to the mentality of performance based budgeting (PBB) focusing on the financial management and output - outcome which takes the power and responsibility distribution and decentralization as the basis. In this direction, important structural changes have been made in the public financial management and budgeting systems of many developed countries. The regulations for transiting to the PBB was seen towards the end of 1980s in the New Zealand and Australia, in 1990s in Sweden, USA, Finland, England, Denmark, Netherlands, Canada and France and at the beginning of 2000s in Austria, Switzerland and Germany.

In Turkey, works for administrative reform have termly been on the agenda and reforms were made in various periods since the Ottoman times until this date, and it has always been up to date despite being in the foreground or in the background from time to time (DPT, 2000; 4-10). A comprehensive public management reform stipulating major changes in the Turkish public financial system was started to be applied in 2003. The reforms in the administrative and financial fields focus on fundamental issues like transparency and accountability as well as increasing the trust in the public management, ensuring the efficiency and effectiveness of the public services.

In this study, analyses have been made in terms of central management budget about PBB in Turkey. The budget of social security institution and local administrations has been excluded from the context. In this content, the transition to PBB system in the OECD countries will be explained in the second section followed by the PBB applications in Turkey. And in the final section, a general assessment will be made about the PBB system in Turkey.

2. Transition Period to Performance Based Budgeting in OECD Countries

As a result of the increase in the expectation for more qualified service of the tax payers and the demand for the public expenditures, new reform activities whose main purpose is to increase the public sector performance and improve the process for taking decisions with more qualified and clear information for the performance were accelerated by the OECD member countries during 1990s. In this content, new approaches were developed in budgeting, personnel and institutional structures, and such attempts like including the performance information in the budget process, loosening the input controls by giving responsibilities to the relevant administrations, performance based payment and outsourcing in the execution of the public services were started (OECD, 2005: 56; OECD, 2007:11). These attempts were put into application being influenced by such matters as the change in the political power in the USA and England, financial crisis undergone in South Korea etc. Besides, different triggers relevant to the budget reform which aim at integrating the targets, performance measures and performance information to the management and budget processes are in question in the OECD member countries. These are (OECD, 2007: 25):

- a) Improving the decision making processes for the budget process and resource allocation,
- b) Focusing more on a result based management approach and improving the delivery, efficiency and performance of the public service,
- c) Developing mechanisms to ensure the accountability of the managers to the politician and politicians to the public.

The application strategies of the performance budget attempts executed in the OECD countries are different in reaching these targets. These differences are examined in terms of legal framework, reform management and time frame in a study of OECD titled "Performance Budgeting in OECD Countries".

When it is considered from the legal frame the reforms are based on legislations in some countries (USA) after the change of the governments and in some countries on the legislations and guiding policy principles (Canada) to ensure the sustainability. In England, there is not a legal ground for the reforms but the issues and guiding principles compulsory to be complied with are identified by the central ministries.

In the reform management top-down and bottom-up application is another field of differentiation. With the top-down approach which is more central the reform is better coordinated and managed and instead of different application structures among the administrations, a standard structure is established; however, there is a risk that the reform may be less owned by the administrations and the requirements of the reform may be perceived like a legal obligation to be complied with.

In the bottom-up application approach, the reform is ensured to be owned; however, the reform cannot be carried out in a coordinated way and comparisons based on the performance information cannot be made as a standard structure cannot be established. For example there is a tendency for transiting to a decentralized structure where the administrations are granted high level of autonomy in Denmark, Sweden and Scandinavian countries. In such an institutional frame, a systematic performance budget and management application seems to be difficult.

When the reforms are taken into consideration from time aspect, the reforms / reform components having complex relations and being important for each other are put into practice together or developed gradually making use of the experiences in practice. The first approach requires political and bureaucratic support at the top level and resource and capacity problems may emerge in the application of the reform by the public administrations. In the second approach, the reform is managed with more strict steps in the light of experiences, however, there are some risks like decreases in the strength of the reform, absence of interest and energy for reform. While there is an incremental performance budget frame in force in England and the USA, more than one reform application including the budget were started simultaneously in South Korea.

In the content of the above stated issues, different structures are seen to have emerged in the OECD member countries in terms of the triggers, purposes, expected benefits and application strategies of the performance budget reform.

3. The Process of Transition to the Performance Based Budgeting in Turkey

The Turkish public financial management system was regulated with the Law on Public Accounting no 1050 put into force in 1927 (Law no 1050) and any other law was not introduced until the enactment of the Law on Public Financial Management and Control no 5018 (Law no 5018). The Law no 1050 has been understood to be inadequate to meet the changing needs of the public management and public financial management in time. Due to such reasons as the certifying officers being irresponsible for the finance, strict and long spending process, inadequacy of the monitoring and auditing activities, the narrow content of the budget and the requirement for changing the budget process, the Law no 1050 was abolished from practice with the enforcement of the Law no 5018 by the date January 1st of 2005 to be in force with all the terms.

During the period when the Law no 1050 was in force, two budget systems were tried to be implemented in Turkey which were the classical budget and the program budget. Although the Law no 1050 was designed in compliance with the classical budget system, the basic requirements of the public management system could not be met due to the ambiguity of the purpose, weakness of the budget techniques, incapability for doing conducting the analysis and comparisons adequately and establishing the plan - budget linkage and similar major deficiencies. Hence, the public financial management shaped in accordance with the Law no 1050 was subject to many criticisms which were (Yılmaz, 2007: 10):

- The public financial management and control system based on the Law no 1050 did not cover the worldwide adopted principles of strategic planning, multi annual budgeting, PBB, financial transparency, accountability and efficient financial control,
- Not being able to establish the linkage between Plan-Program-Budget,
- Absence of an integrated financial structure, disruption of the financial discipline due to such applications as the increase in appropriations during the year, fund, revolving funds, special accounts etc.,
- Taking the compliance with the legislation as the basis not considering the factors of efficiency, effectiveness and economy in the use of the public resources,
- Not being able to establish the balance of authority-responsibility in the spending process,
- Absence of granting enough flexibility to the authorities in budget preparation, implementation and control processes,
- Absence of efficient internal and external audit compliant with the international standards,
- Inadequacy of the accounting system.

For these reasons, new methods were sought and intensive studies on renewing and improving the budgeting system in Turkey were started in 1968 by establishing a “Budget Reform Unit” in the structure of the Ministry of Finance, General Directorate of Budget and Financial Control. And the program budget for which the studies were started in 1968, was first applied in 1973 and the Planning, Programming and Budgeting System was started to be implemented.

In the justification of 1973 year’s financial year budget, the classical budget system was left and it was declared that a gradual transition to program budget system was started and the need for implementing the mechanisms forming the infrastructure of the system soon were emphasized (DPT, 2000: 48).

Program budget is a budget system where the liabilities of the government are evaluated and classified in terms of services presented in the current economic and social structure and the service is taken as the basis in the allocation of resources and execution and continuation of the activities. The basic approach in the implementation of this budget system is the services defined and measuring and evaluating these services using various tools. In this content the basic elements constituting the program budget system are as follows (DPT, 2000: 46);

- *Planning*: Medium term purposes and strategies,
- *Programming*: Implementation of the program in an efficient way for a shorter term (projecting and prioritization),
- *Budgeting*: Putting the program into practice (program-sub program-activity),
- *Management*: Organization of the units included in the implementation of the system in an efficient way,
- *Evaluation*: Making comparisons among the options using such analysis techniques as system analysis, cost-benefit, cost-efficiency.

When these elements are examined, it can be concluded that the program budget system is a mediator in implementing the development plans and budget preparing process in one sense turns into policy formation process. However, with the implementation of the program budget, the expected results could not be reached and the reasons for this are:

- A nonfunctional program budget system was started to be implemented as the budgets of 1973 year of the public agencies were required to be prepared in compliance with the program budget system when the infrastructure works for the program budget did not reach to the adequate level. The purpose of the program budget system which had important aspects like focusing on the service production, realization of them with the minimal costs were not clearly explained to the public administrations and the public administrations were not supported with the qualified personnel at the required number for the implementation of the system (Bulutoğlu and Kurtuluş, 1981: 105).
- The attempt for program budget system started with good will but failed because the demands of the beneficiaries were not well analyzed during the preparation process, little participation, presenting no option for the legislative body as the program was the sole alternative, difficulties were encountered in cost and benefit measurements in terms of many activities, meaninglessness of the program justifications as the programs were included in the budget every year and the political authorities did not remain in power long enough to see the results of the program in the medium term (Mutluer et al., 2006: 108).

In Turkey, reforms were needed to be done in the public financial management due to the reasons that a National Program was prepared in association with the undertaking of the EU legislations and the letter of intent submitted to IMF during 1990s which included commitments about the public financial management (Akdeniz, 2010: 464). A Stand-by Agreement was made with IMF in 1999 and in this agreement it was stated that it would be needed to increase the transparency and reliability of the budget operations.

In Turkey, bringing the strategic planning into the agenda, the basis of the performance based budgeting was formed with the PEIR (Public Expenditure and Institutional Review) Report. That report was prepared in 2001 with the cooperation of Turkey and the World Bank. And the report was not just a report written by an international organization contrary to what is believed. Although external factors had an important role in the dynamics of the public financial management reform, the basis of PEIR stems from the 8th Five Year Development Plan “Reorganization of the Public Financial Management and Financial Transparency Ad Hoc Committee” report. In this content, important observations were made 15 years ago about the public management and the public financial management in Turkey.

During those times, weakness in making strategic decisions, irrelevance of the policy and plans with the budget and inefficiency caused by the excessive control on the budget applications were important bottlenecks encountered. In the Public Expenditure and Institutional Review Report in which these problems were discussed in detail, a reform strategy was formed oriented for strengthening the financial management, building a capacity for policy decisions and improving of the operational performance.

From the strategic aspect that report aimed at (The World Bank, 2001: xviii-xxv);

- Expanding the scope of budget to provide information on the entire public sector and in particular, on the general government sector,
- Improving the transparency of the fiscal operations,
- Improving the coverage and effectiveness of the audit and control instruments,
- Upgrading budget classification and reporting to provide better inputs for policy and budget analysis,
- Strengthening the credibility of budget preparation process:
 - More comprehensive,
 - Better coordinated,
 - Better quality macro-framework,
 - Timely information on budget envelopes for line ministries,
 - Allocations linked to policies and priorities,
 - Better technical coordination among central agencies,
- Re-invigorating the capacity for policy formulation in sector and central ministries,
- Providing line agencies with more discretionary authority for budget implementation as a means to improving performance,
- Eliminating strong incentives for budget fragmentation due to excessive central control over budget,
- Strengthening the “value for money” orientation in public procurement.

Commitments relevant to the performance based budgeting were later included in the Emergency Action Plan put into practice in 2003 by the 58th Government. Transition to the strategic planning practice for the public agencies was expressed under the title of “Public Management Reform”. In this direction, pilot application was started in eight public agencies with the “Macro Framework Callon 2004 Annual Program and Fiscal Year Budget” dated July 2003.

4. Performance Based Budgeting in Turkey

The purpose of the Law no 5018 forming the basis of the performance based budgeting in Turkey is “regulating the structure and functioning of the public financial management, the preparation and implementation of the public budgets, the accounting and reporting of all financial transactions, and financial control in line with the politics and objectives covered in the development plans and programs, in order to ensure accountability, transparency and the effective, economic and efficient collection and utilization of public resources.”

With the enforcement of the Law no 5018, radical changes have been brought in the financial management and controlling system. With these changes, the processes for the budget preparation, application and controlling / auditing processes are tried to be strengthened. In this content, with the Law no 5018, the budget process is tried to be strengthened by expanding the budget coverage, bringing multi annual budgeting mentality, transition to the accrual based accounting system, leaving the strict expenditure processes and establishing the power and responsibility balance, transition to the budget classification system compliant with the international standards, expanding the scope of the audits by the Turkish Court of Accounts with the internal control and internal audit system and forming an infrastructure for the performance audits.

The PBB system application based on strategic planning was put into force with the Law no 5018. According to the law, the PBB process starts with the government policies, development plan and programs, medium term program, medium term financial plan and related administrative strategic plans. In this content, strengthening the plan and budget link by increasing the capacity for policy making is important for an efficient budget process. Therefore, with the Law no 5018, the basic components of the strategic management system which are *strategic plan, performance program and activity report* are necessary to be issued by the public administrations.

These three components of the system constitute the planning, budgeting and auditing processes and the budgeting system formed with these components is the PBB system. This system has been conceptualized as an implementation tool for the strategic management circle rather than just a budgeting system (Karacan, 2010: 124).

The articles of the Law no 5018 oriented for the strategic plan, performance program and activity report constituting the fundamental components of the performance based budgeting are given below:

- Public administrations shall prepare *strategic plans* in a cooperative manner in order to form missions and visions for future within the framework of development plans, programs, relevant legislation and basic principles adopted; to determine strategic goals and measurable objectives; to measure their performances according to predetermined indicators, and to monitor and evaluate this overall process.
- Public administrations shall base their budgets and their program and project-based resource allocations on their strategic plans, annual goals and objectives, and performance indicators in order to present public services at the required level and quality.
- The Ministry of Development¹ is authorized to determine the strategic planning calendar and the public administrations to be in charge of preparing strategic plans, and to set out the principles and procedures concerning the correlation of strategic plans with development plan and programs.
- The public administrations prepare a *performance program* covering the activities and projects to be carried out and the need for resources, performance targets and indicators.
- Within the framework of accountability, the heads of public administrations and authorizing officers to whom appropriations are allocated in the budget shall issue activity reports each year. On the basis of unit activity reports prepared by authorizing officers, the heads of public administrations shall prepare and publicize the “*administration activity reports*”, which present the activity results of their administrations. Public administrations within the scope of central government and social security institutions shall submit a copy of their administration activity reports to the Court of Accounts and to the Ministry of Finance.
- The activity report of the administration shall be prepared so as to include, along with the general information on the related administration, the resources used, and the reasons of the deviation arising regarding the budget targets and realizations, financial information comprising the information regarding the activities of associations, institutions and organizations aided through assets and liabilities; and information on activities and performance information performed as per strategic plans and performance program.

On the other hand, the articles of the Law no 5018 ensuring that the budget is prepared with an identity observing the performance factor on the basis of plans, programs are as follows:

- Public administrations shall prepare their budgets on *performance basis* and in concordance with the mission, vision, strategic goals and objectives included in the strategic plans. The Ministry of Finance is authorized to define the procedures and principles on the compatibility of administration budgets with the performance indicators stated in the strategic plans, and activities to be carried out by these administrations within this framework and other issues on performance based budgeting.
- 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. Budgets shall be negotiated and evaluated together with the budget estimations of next two years by considering strategic plans.
- Ministry of Finance is responsible for the preparation of the Central Government Budget Draft Law and for ensuring the coordination between the related public administrations.

The articles of the Law no 5018 defining the responsibility of the ministers and the top managers in the effective implementation of the performance based budgeting are given below:

- *The Ministers* are responsible for implementing government policy and for ensuring the compliance of the preparation and implementation of strategic plans and budgets of their ministries and those of the administrations affiliated, related or associated to, with the development plans and annual programs. Ministers are also responsible for establishing the coordination and cooperation with other ministries in this framework. Ministers shall inform the public within the first month of every fiscal year about the goals, objectives, strategies, assets, liabilities and annual performance programs of their administrations.

¹Former name was the State Planning Organization (DPT)

- *The heads of public administrations* are responsible for the preparation and implementation of the strategic plans and budgets of their administration in conformity with the development plan, annual programs as well as with the strategic plan and performance objectives and service requirements of the administration; for the effective, economic and efficient acquisition and utilization of the resources under their responsibility; for the prevention of losses and abuses of such resources; for monitor and supervision of the operation of financial management and control system; and for the accomplishment of the duties and responsibilities defined with this Law. Concerning all these responsibilities mentioned above, the heads of administrations are accountable to the Minister.

The articles oriented for audit in the Law no 5018 are as follows:

- The purpose of the ex post external audit to be performed by the Court of Accounts is to audit, within the framework of the accountability of public administrations within the scope of general government, the financial activities, decisions and transactions of management in terms of their compliance with the laws, *institutional goals, targets and plans*, and to report their results to the Turkish Grand National Assembly (TGNA)
- The external audit is conducted for the determination whether the public resources are used in an effective, economic and efficient way, *to measure the activity results and to evaluate them as to their performance*.

The Law no 5018 authorizes the Ministry of Development to determine the strategic planning calendar and the public administrations to be in charge of preparing strategic plans and assigns the Ministry of Finance for preparing the budgets in accordance with the strategic plans and PBB. In this process, the Court of Accounts is authorized to conduct the audit over the performance and accountability and also effective, economic and efficient use of the public resources and financial transparency are clearly identified in Law no 5018.

5. New Policy Documents and Processes Brought by the Law no 5018

Important innovations have been brought by the Law no 5018 in terms of performance based budgeting. These innovations are going to be handled in detail at three levels:

- Agency-level policy and reporting documents,
- Executive branch-wide policy and reporting documents,
- Institutional changes.

5.1. Agency-Level Policy and Reporting Documents

5.1.1. Strategic Plan

Strategic plan is the plan which includes medium and long term goals, basic principles and policies, objectives and priorities and performance indicators of public agencies, as well as the methods and the resource allocation to achieve these (DPT, 2006).

Expansion of the organizational structures of the public administrations, increase of the variety in product and services, changes in the complexity and dimension of the functions realized and increase in the serving population require a successful implementation of planning, analysis and control processes (Steiss, 2003: 6). In this content, public administrations in Turkey need to answer the basic and simple but meaningful questions difficult to answer in order to continue their existence in a more efficient way. These questions are four basic questions as follows (DPT, 2006: 5):

- Where are we?
- Where do we want to go?
- How can we get there?
- How can we monitor and evaluate our success?

In the content of these questions, the public administration need to;

- Conduct a detailed situation analysis and identify the current situation,
- Identify the mission, basic values in which the working philosophy and method of working are reflected and the point desired to be reached in the future, in other words the vision,
- Specify the goals and objectives to be realized to reach this vision and which strategies to follow,
- Carry out monitoring and evaluation activities through objectives and performance indicators in an efficient manner to increase the effectiveness of this process.

In this content, the strategic planning model presented by the Ministry of Development which regulates and implements the strategic planning activities in Turkey is summarized in the following table.

Table 1: Strategic Planning Model

<ul style="list-style-type: none"> • Previous Plan Review • Historical development • Legislation analysis • Determination of the agency's fields of activity and products and services • Internal analysis (organization structure, human resources, technological infrastructure and financial situation) • External environment analysis • Stakeholder analysis • SWOT analysis 	SITUATION ANALYSIS	Where are we?
<ul style="list-style-type: none"> • Purpose of the existence of the agency 	MISSION AND VALUES	Where do we want to go?
<ul style="list-style-type: none"> • Desired future 	VISION	
<ul style="list-style-type: none"> • Goals to be achieved in the medium term • Specific, concrete and measurable objectives 	GOALS AND OBJECTIVES	
<ul style="list-style-type: none"> • Method of achieving the goals and objectives 	STRATEGIES	How can we get there?
<ul style="list-style-type: none"> • Cost and resource estimation 	COSTING	
<ul style="list-style-type: none"> • Reporting • Comparison 	MONITORING	How can we monitor and evaluate our success?
<ul style="list-style-type: none"> • Feedback • Determination of measurement methods • Performance indicators • Evaluation of results and the progress oriented for the application 	PERFORMANCE MEASUREMENT AND EVALUATION	

Source: DPT, 2006: 5

A detailed regulation about the strategic planning was made by the Ministry of Development which has the role of central harmonizing of the strategic plans prepared by the public administrations and the "By-Law on Principles and Procedures for Strategic Planning in Public Administrations" was published in 2006. According to this regulation;

- Strategic plans need to be prepared directly by the public administrations and the employees of these administrations. If needed, consultancy services to be acquired externally shall be limited to the method and process consultancy and training services.
- There is a 4 years' gradual transition schedule for the public administrations in the content of the general budget, administrations with special budgets, social security institutions foreseen in the regulation.
- Strategic plans cover five years' period. After minimum two years of implementation, the remaining term of the strategic plans can be updated. The operation of updating are the quantitative changes in the objectives not changing the mission, vision and purposes of the strategic plan.
- The strategic planning process of the public administrations starts with the preparation period. The top manager announces the start of works on an internal declaration. A strategic planning team is formed under the coordination of the strategy development unit to carry out the progress and administration of the works. The strategic planning team creates a preparatory program including the activities for the preparatory period and time schedule.
- The Ministers are responsible for the preparation and implementation of their ministries' and affiliated and related agencies' strategic plans in line with the development plans and programs.

- The heads of public agencies are responsible to the Minister for the preparation and implementation of the strategic plans of their agencies.
- The public administrations shall prepare their strategic plans in compliance with the development plan, the medium term program and other national, regional and sectorial plans and programs related to activity fields.
- The public administrations submit their strategic plans to the Ministry of Development in January of the previous year of the first year covered in the strategic plan. The Ministry of Development assesses the strategic plans on the criteria of conformity with the development plan, the medium term program, and other national, regional and sectorial plans and programs related to activity fields and the inter linkage of the mission, vision and goals and objectives with each other and conceptual consistency. As a result of the assessment, an assessment report is prepared if needed and sent to the administration within three months.
- An exemplary assessment process for an institution prepared the 2016-2020 Strategic Plan will be as follows:
 - End of January 2015: Submitting the draft strategic plan to the Ministry of Development for assessment,
 - End of April 2015: Sending the assessment report prepared by the Ministry of Development about the draft Strategic Plan to the institution,
 - End of September 2015: Finalizing the strategic plan considering the relevant assessment report by the institution and submission to the Ministry of Development and Ministry of Finance for the budget negotiations,
 - January 2016: Start of the implementation period of the strategic plan.
- Upon the approval of the minister in ministries as well as affiliated and related agencies, and the head of the agency in the rest of public agencies, strategic plans shall be submitted to Ministry of Finance and the Ministry of Development to be taken as bases in the budget and performance program preparations. A copy of strategic plans shall also be sent to TGNA and the Court of Accounts. The strategic plans are made public and published in public agencies' websites.
- The performance indicators are included in the strategic plans. The procedures and principles for the setting of the performance indicators are decided by the Ministry of Development jointly with the Ministry of Finance.

In May 2006, before the issue of the "By-Law on Principles and Procedures for Strategic Planning in Public Administrations", a pilot application model was developed to gain experience and forming the legislation in the right way. Strategic planning activities were foreseen to be started in eight institutions at the pilot level to spread the application to all of the administrations in the "Macro Framework Callon 2004 Annual Program and Fiscal Year Budget" of the Higher Planning Council² and it was stated that the Ministry of Finance would continue with the PBB activities in compliance with the strategic planning works at these institutions. Those pilot institutions were; (i) The Ministry of Agriculture and Rural Affairs, (ii) Turkish Statistics Institution, (iii) General Directorate of Highways, (iv) General Directorate of Health for Borders and Coasts, (v) Hacettepe University, (vi) Kayseri Metropolitan Municipality, (vii) Special Provincial Administration of Denizli, (viii) İller Bank.

In the "Macro Framework Callon 2005 Annual Program and Fiscal Year Budget" there was a term stating that the PBB studies were going to be carried out under the supervision and coordination of the Ministry of Finance at the specified institutions to ensure integrity in parallel with the strategic planning works.

5.1.2. Performance Program

Annual performance programs constitute annual implementation parts of strategic plans. Strategic plan and budget is linked through the performance programs. The performance programs are prepared basing on the goals and objectives specified in the strategic plans of the public administrations, the annual performance objectives planned to be reached in the budget period, the activities and projects to be carried out for reaching those objectives, identification of the performance indicators oriented for these and costing performed in this direction (Karacan, 2010: 127).

While the performance objectives show the level tried to be reached by the administration, the activities express how to reach that level.

² Consists of the Minister and other ministers identified by the Prime Minister under the chair of the Prime Minister. The terms forming the base for the economic, social and cultural objectives and the adoption of the policies are negotiated and identified at High Planning Council.

The annual performance objectives are the output-result oriented objectives planned to be realized during the program period to reach the goals and objectives included in the strategic plans of the public administrations. Performance indicators are the tools used to measure, evaluate and monitor the success level in terms of annual performance objectives (Maliye Bakanlığı, 2009: 6-13).

According to the “By-Law on the Performance Programs Prepared by the Public Administrations” issued in July 2008;

- The Performance programs are prepared every year with a result and output oriented mentality, based on accurate and reliable information, ensuring the fiscal transparency and accountability. The process of preparing the performance program by the public administrations starts with the written notification of the top management to the spending units latest by the end of May.
- The public administrations in the scope of the central government send their performance programs together with the budget proposals to the Ministry of Finance and Ministry of Development. The Performance programs are used at the budget negotiations performed at the Ministry of Finance and Ministry of Development. The public administrations within general budget and administrations with special budget revise their budgets according to the amounts mentioned in the Draft following the presentation of the Central Government Budget Draft Law to the TGNA, and submit to the information of the Planning and Budget Commission maximum three days before the negotiations of the budget proposal.
- The annual performance programs of the public administrations in the content of the general budget are announced in compliance with the size of the budget identified with the Central Government Budget Law by the Minister for ministries and by the minister or the top manager for the other administrations in January. The annual performance programs declared to the public are published at the websites of the administrations.
- The public administrations in the content of the general budget send the performance programs declared to the public in January to the Ministry of Finance and the Ministry of Development latest by the fifteenth of March.
- The annual performance programs are evaluated by the Ministry of Finance in terms of compliance with the standards and the procedures and principles and the evaluation results are notified to the administration if deemed necessary. The Ministry of Finance may require the needed information and documents from the public administrations to evaluate the performance programs. The Ministry of Finance can announce the results of the evaluation of the performance programs to the public.

The performance objectives according to the “Performance Program Preparing Guidelines” drafted and published in 2009 by the Ministry of Finance (Maliye Bakanlığı, 2009:14);

- Should be realizable with the activities carried out by the administration,
- Should be identified considering the limitation of resources,
- Should be clear, accessible, realistic and measurable with the performance indicators,
- Should be focused on output-result,
- Should be a few in number.

The Performance indicators (Maliye Bakanlığı, 2009: 14);

- Should measure whether the annual performance objectives are reached or not,
- Should be able to provide measurable, accessible, reliable data,
- Should be comparable to the similar indicators of the administration and the other administrations for the previous terms,
- The costs for obtaining and evaluating the data should be at a reasonable and acceptable level.

5.1.3. Activity Reports

When the strategic management cycle, PBB system and its components are considered, activity report is the final step of the system and the realization step of accountability. In the activity report, activities and projects performed in accordance with the strategic plan and performance program of the administration, realization of performance objectives and indicators stated in the performance program, reasons behind the deviations that occurred, other performance information and evaluations on it shall be included, hence these reports serve for the parliamentarians, the end users of these report, to observe the performance.

Details of the activity report and the content of the report are presented in the By-Law on the Preparation of Activity Reports of Public Administrations dated March 2006 and the By-Law on the Working Procedures and Principles of the Strategy Development Units dated 2006 issued by the Ministry of Finance.

According to these regulations;

- The activity reports are prepared in a manner to indicate the results of the activities of a fiscal year.
- Unit activity reports on the concerned fiscal year of public administrations within the scope of general budget shall be submitted by the authorizing officers to the head of public administration by the end of January.
- The administrative activity report is prepared by the top manager to indicate the activity results of the administration based on the results of the unit activity reports. The administrative activity reports need to be declared to the public by the end of February. Besides, the top managers are responsible for the content of the administrative activity reports and the accuracy of the information included in the report against the Minister.
- The administrative activity reports are submitted to TGNA. The reports submitted to TGNA are negotiated at the commissions primarily.
- The unit activity reports prepared by the spending units are sent to the strategy development units to be based on the preparation of the administrative activity report. By ensuring the coordination between the spending units by the strategy development units, the administrative activity report is prepared and approved by the top manager and the relevant minister.
- At the TGNA, the management and accountability responsibilities about the acquirement and usage of the public resources are negotiated in the frame of the reports and analyses submitted by the Audit Court. The top manager or the assigned deputy manager is obliged to take part in these negotiations with the relevant minister.
- The scope of the unit and administrative activity reports are as follows:
 - *Goals and objectives:* In this section, goals and objectives of the administration, activity year's priorities, basic principles and policies followed are included.
 - *Information and evaluations regarding the activities:* In this section, the financial information and performance information are provided in detail.
 - *Institution capability and capacity assessment:* In this section, an internal situation analysis is made in terms of organizational structure, organizational capability, technological capacity to reach the middle and long term objectives and the weaknesses and strengths of the administration are identified.
 - *Recommendations and precautions:* The results of the activity year and the general economic conditions, budget opportunities and the expectations are taken into consideration and recommendations on changes planned in the activities of the following years of the administration, changes in the objectives and risks possible to encounter and precautions to be taken against these are specified in this section.

Administrative activity reports, general activity report, external audit general evaluation report and Draft Final Account Law shall be deliberated by the commissions of TGNA together with the Central Government Budget Law. In this content, the implemented budget, the performance objectives and success levels are consolidated at the institutional level and including the whole public section and submitted to the Court of Accounts for analyzing as an external audit unit and submitted to the TGNA for legislative auditing.

5.2. Executive Branch-Wide Policy and Reporting Documents

5.2.1. Medium Term Program

In the frame of the performance based budgeting, strategic plans including leading, medium/long term and measurable objectives and annual performance programs of the public administrations in Turkey need to be prepared to establish the budget link. In this process, the public administrations are aimed to be led by higher policy documents, especially the development plan and the strategic plans to be compliant with these documents.

In this content, when the performance based budgeting system in Turkey and the annual performance programs prepared by the public administrations are considered, the annual activity and projects in these programs are desired to be cascading of the policies identified in the development plan to the institution level. In order to realize this in a more effective manner, a medium term document is needed in different fields and sectors submitting consistent goals, policies and priorities, covering the basic economic figures having the quality of objective and indicators and turning the policies, objectives and targets in the five years' development plan into more concrete policy, objectives and targets.

In order to meet this requirement, as per article 16 of the Law no 5018 “the central government budget preparation process starts with the gathering of the Council of Ministers until the end of the first week of September and approve the Medium Term Program prepared by the Ministry of Development covering the macro policies, principles and basic economic figures”.

The medium term program is prepared with three years’ perspective compliant with the priorities of the development plans and the government and renewed every year considering the results of the annual applications and changes in the general conditions.

5.2.2. Medium Term Financial Plan

The Ministry of Finance prepares a medium term financial plan in compliance with the Medium Term Program as per article 16 of the Law no 5018. The medium term financial plan includes the revenue and expenditure projections for the following three years and covers the upper limit to be given to the public administrations. The medium term financial plan is concluded until fifteenth of September by the Higher Planning Council and published in the Official Gazette.

In order to make an efficient resource distribution for the budget process starting with the medium term program, the policy and priorities foreseen in the medium term program need to be reflected in the upper budget limits of the institutions and the medium term financial plan together with the financial figures.

The strategic plans and annual performance programs prepared by the public administrations should consider the budget ceilings identified in the medium term financial plan therefore increasing the applicability of the strategic plans and annual performance programs and strengthening the relation with the budget making them to be established with in a more realistic manner.

5.2.3. General Activity Report

The Law no 5018 makes it compulsory to report the application results following the strategic plan and annual performance program in the content of a management circle at the administrative level and also prepare a general activity report. According to the By-Law on the Preparation of Activity Reports of Public Administrations issued in 2006 the general activity report is prepared by the Ministry of Finance to indicate the activity results of the administrations in a financial year. The general activity report is declared until the end of June of the following financial year by the Ministry of Finance and sent to the Court of Accounts in the same period.

In the general activity report, the followings are included;

- The revenue and expenditure targets and realizations and reasons for deviations in central government budget,
- Developments in the debt stock in the public debt management report and other information about borrowing,
- The list indicating the assets and liabilities by the yearend and relevant information,
- Appropriation transfers and list of other appropriation transactions,
- Activities of the Ministry of Finance about the implementation of the budget,
- General assessment of the administrations’ strategic planning and performance based budget applications,
- General assessment of the financial structure of the local administrations.

5.3. Institutional Changes

5.3.1. Strategy Development Units

With an amendment in the Law no 5018 in 2005, strategy development units have been started to be established at the public administrations since the beginning of 2006. According to the By-Law on the Working Procedures and Principles of the Strategy Development Units issued in February 2006, the strategy development units work on three main sections. These are;

1) Strategic management and planning function;

- Preparing the administrative activity report,
- Carrying out the works on the determination of the administrative mission,
- Conducting internal capacity survey in the institution, analyzing the service efficiency and customer satisfaction and general surveys,
- Identification of the strengths and weaknesses of the administration,
- Carrying out R&D activities of the administration relevant to the scope of duty.

2) The function of developing the performance and quality indicators;

- Developing the performance and quality indicators in the activity field of the administration,
- Collecting, analyzing and commenting on the information and data about the development of the services and management of the administration,
- Evaluating the compliance of the administration and / or units with the performance and quality indicators and submit to the top management.

3) Financial services function;

- Ensuring the coordination of the performance program preparations,
- Preparing the budget and the final account of the budget,
- Monitoring and assessing the compliance of the administrative activities with the strategic plan, performance program and budget,
- Working on establishment of an internal control system, implementation and development of it.

When these duties are considered, the strategy development units are seen to be designed as units making medium and long term policies apart from the budget and the daily works. Therefore, the important tasks of the strategy development units in terms of performance based budgeting can be summarized as follows;

- Conducting the needed studies to determine medium and long term strategies, policies and goals in the content of the national development strategy and policies, annual program and government program,
- Coordinating the works in preparing, updating and renewing the strategic plan, ensuring the participation of the other units of the administration in the preparation of the strategic plan,
- Coordinating the preparation of the performance program and changes on it,
- Preparing the administrative budget covering the budget of the following two years in compliance with the strategic plan and annual performance program and monitoring and assessing the compliance of the administration with them,
- Preparing and sending the annual investment assessment report relevant to the execution and implementation results of the investment projects to the Court of Audit and to the Ministry of Finance and the Ministry of Development by the end of March of the following year.

For the purpose of evaluating the activity and works of the strategy development units and taking the needed precautions; regular meetings are held at least once a month under the chair of the strategy development unit manager with the participation of the managers of the subunits. At these meetings, the activities of the strategy development unit and the works carried, problems, recommendations and suggestions are evaluated and information is shared, coordination and compliance is ensured.

5.3.2. Internal Auditors

The implementation of the performance based budgeting and annual performance program and getting the results and the quality of the monitoring in this process are directly associated with the effectiveness of the internal control and internal audit activities. The public administrations need to carry out their activities in a planned manner, to base their budgets on concrete plans, to overcome the hindrances in front of the realization of these plans. This situation makes it compulsory to apply an internal audit system compliance with the international standards.

In this content, an internal audit system was started to be implemented in Turkish public management with the Law no 5018. In accordance with the Law no 5018 "Internal audit is an activity of providing independent and objective assurance and consultancy, performed in order to improve and add value to the activities of the public administrations by evaluating whether the resources are managed in conformity with the principles of economy, effectiveness and efficiency, and by providing guidance. Such activities are performed with a systematic, regular and disciplined approach and in accordance with generally accepted standards, aiming to evaluate and improve the efficiency of risk management and of management and control processes on the management and control structures and financial transactions of administrations".

The duties of the internal auditor as per the Law no 5018 are as follows;

- Evaluating the management and controlling structures of the public administrations on the basis of objective risk analysis,

- Making studies and proposals whether the resources are used according to the efficiency, effectiveness and economy principles,
- Performing ex post audits on legal compliance,
- Auditing and evaluating the administrations' expenditures, decisions and operations on financial transactions according to their compliance with the objectives, policies, development plan, programs, strategic plans and performance programs,
- Conducting system audit for the financial management and control processes and making proposals on these issues,
- Making suggestions for improvement according to the audit results,
- Informing the top manager of the administration when a situation requiring audit is observed during the auditor according to the results of the audit.

Beyond the compliance audits, impartial findings found as a result of the internal independent audit activities including the risk management and audit of the managerial processes increase the application quality of the performance based budgeting.

6. Budget Process

According to the Law no 5018, the central government budget preparation process starts with the gathering of the Council of Ministers until the end of the first week of September and approves the Medium Term Program prepared by the Ministry of Development covering the macro policies, principles and basic economic figures. The following process is preparation of the Medium Term Financial Plan including the revenue and expenditure projections for the following three years and covering the upper limit to be given to the public administrations and making a decision on it latest by the fifteenth of September by High Planning Council.

In this direction, in order to guide the budget proposals and investment programs of the public administrations, the Ministry of Finance issues Budget Call and Budget Preparation Guideline and the Ministry of Development issues an Investment Circular and Investment Program Preparation Guideline to be published in the Official Gazette latest by the fifteenth of September. The Budget Preparation Guideline and Investment Program Preparation Guideline include the general principles to be complied with by the public administrations, objective and measurable standards, estimation methods, lists and tables to be used in the preparation of the budget proposals and other information.

As per article 17 of the Law no 5018; in the preparation of the revenue and expenditure proposals, the following are taken into consideration;

- Basic figures, principles and basis determined in the Medium Term Program and Medium Term Financial Plan,
- Appropriation ceilings determined in the framework of strategic plans of the administration, and priorities of development plan and annual program,
- Multi-year budgetary framework *consistent with strategic plans* of public administrations,
- Performance objectives of the administration.

In the framework of the principles stated in Budget Preparation Guideline and strategic plans, public administrations shall prepare their budget revenue and expenditure proposals accompanied by the statement of reasons and signed by their competent authorities, and send them to the Ministry of Finance latest by the end of September. The investment proposals of public administrations shall be submitted for evaluation to the Ministry of Development within the same term.

As per article 18 of the Law no 5018, the macroeconomic indicators and the budget figures are sent to the TGNA in the first week of October after negotiating with the Higher Planning Council, and the Central Government Budget Draft Law issued by the Ministry of Finance and the National Budget Estimation Report issued by the Ministry of Development are sent to the TGNA minimum 75 days before the start of the financial year by the Cabinet.

TGNA and the Court of Audit and the "regulatory and supervisory institutions" shall submit their budgets directly to the TGNA until the end of September and one copy to the Ministry of Finance. These administrations do not undergo the evaluation process of the Ministry of Finance and Ministry of Development.

TGNA Plan and Budget Commission negotiate the draft budget law in 55 days and send to the general board. According to article 162 of the Constitution, the TGNA Plan and Budget Commission consists of 40 members and 25 of them are from the government group or groups and 15 are from the opposition and independents depending on their ratio of votes.

At the general board, the draft budget law is discussed and concluded in 20 days. In accordance with the 19th article of the Law no 5018; the TGNA deliberates the text of Central Government Budget Draft Law on article basis and the revenue and expenditure schedules on institutional basis, and puts the Draft Law to a vote on section basis. TGNA members do not make suggestions for increasing the expenditure and reducing the income. The approved central government draft budget is published in the Official Gazette before the start of the financial year. On the other hand, public investment program shall be prepared by the Ministry of Development according to the Central Government Budget Law, and published in the Official Gazette by the Decree of Council of Ministers in fifteen days following the entry into force of aforesaid Law.

The budgeting process of the central budget system is summarized in the following table in the content of the Law no 5018.

Table2: Central Management Budget Process

Accepting the Medium Term Program by the Cabinet and publication in the Official Gazette	By the end of the first week of September
Accepting the Medium Term Financial Plan by the High Planning Council and Publication in the Official Gazette	By 15 th of September
Issue of the Budget Call and attached Budget Preparation Guideline and the Investment Circular and the attached Investment Program Preparation Guideline and Publication in the Official Gazette	By 15 th of September
Sending the performance program and the budget revenue and expenditure proposals of the public administration to the Ministry of Finance, investment proposals to the Ministry of Development	By the end of September
Discussing the budget proposals and preparing the budget revenue proposals	By the end of September
Negotiating the macroeconomic indicators and the budget figures at the High Planning Council	By the end of first week of October
Submission of the Central Budget Draft Law and the National Budget Estimation Report to the TGNA by the Cabinet	17 October (75 days before the financial new year)
Discussing the proposal at the TGNA Plan and Budget Commission	17 October - 11 December (in 55 days)
Submission of the annual performance programs of the public administrations revised according to the figures in the Draft to the Plan and Budget Commission	Three days before the negotiation of the budget proposal by the administration
Discussing the draft budget at TGNA General Council	11-31 December (20 days)
Approval by the President and publication in the Official Gazette	Latest by December 31
Publication of the public investment program in the Official Gazette with the Cabinet decision	By 15 th of January
Declaration of the general activity reports of the administration in the general budget to the public	By the end of February

7. Evaluation and Conclusions

Budget, being one of the most important components of the public expenditure management is a critical tool in terms of ensuring the financial discipline, allocation of the resources according to the strategic priorities and presenting the services in an efficient and effective manner. In order for the budget to fulfill these functions and meet the needs of the modern public management, it is a tool in measuring and managing the performance which makes it more important as an important political tool of the governments. The needs are not satisfied with the traditional budget and plan-program/program budget system. For this reason, PBB having the long term perspective, comprehensive, flexible, focusing on the result and observing the performance accountability is accepted in many countries in the recent years and tried to be included in the budget process.

PBB implemented using different instruments in various countries aims at making the resource allocations in the direction of the measurable outputs and results, including the performance information in the budget process and developing the accountability in the frame of the performance.

Basically, the differentiation in the implementation models caused by the difference in the usage of the performance information in the resource allocation process is also influenced by the triggers of the PBB reform, its purposes, expected benefits and the implementation strategy. In this content, it will be wrong to say that there is just one model PBB in the world.

In the countries where PBB is applied, different implementation models are seen, however, the main purpose of the system is;

- Making an efficient budget prioritization,
- Providing information to the budget allocation processes considering the financial policy and policy priorities,
- Facilitating the performance accountability and improvement of the performance of the administrations and performance audits,
- Optimization of the decision making processes as a result of providing qualified and reliable information.

In Turkey, the basis of the PBB traces back to the reform suggestions in the “Public Expenditure and Institutional Review” Report prepared in coordination with the World Bank and Turkey in 2001. In this report, the inefficiency caused by the weakness of the financial management in making strategic decisions, irrelevance of the policy and plans with the budget and excessive control on the budget are explained.

With the Law no 5018 and secondary regulations issued later, details of the performance based budgeting have been performed. In this content, with the Law no 5108 *Strategic plan, performance program and activity reports* the main components of strategic budget managements have been compulsory to be prepared by the administrations. PBB system is the budgeting system performed with these three subjects forming the planning, budgeting and audit processes. The strategic planning process of the public administrations is carried out under the supervision of Ministry of Development, the process of performance program and activity report is supervised by the Ministry of Finance.

The Law no 5018 bringing radical changes in the financial management and control system, the findings, evaluations and suggestions related to the ownership, coordination, role of the parliament, capacity, calendar, reporting and budget connections in Turkey undergone during the ten years period are summarized below:

- **Ownership:** In the transition period to the performance based budgeting system, it is difficult to mention about an effective and integrated reform management. Therefore, a stronger cooperation is needed among the central harmonization units which are Ministry of Development, Ministry of Finance and Court of Audit in terms of strategic plan, annual performance program and activity report.
- Ownership in the performance based budgeting system shall be realized at three levels. These are political level, administrative level responsible for the coordination of the process and institutional level. The ownership at these levels influence each other hierarchically. In this respect, a strong political appropriation is needed for the PBB reform bringing important changes in the public management and financial management with the Law no 5018.
- The Ministry of Development and the Ministry of Finance responsible for the coordination of the process need to utilize the investment instruments and budget to increase the application quality.
- At the institutional level, it is very important to strengthen the ownership of the top management. The role of the Court of Audit is significant here. Ten years’ experience of application shows that the planned goals and objectives bring good results at the institutions where the top management shows ownership.
- **Coordination:** In the strategic management process, the perspective of the institutions and lack of coordination between these institutions have made it impossible to handle the strategic management as a whole. Forming a top management looking at the process with an integrated perspective and handling the problems in the content of systematic approach is expected to increase the motivation of the public administrations. In this approach, it is needed to take steps for improving the reform application benefiting from the experiences relevant to the strategic management process.

- *Role of the parliament:* Improvement of the parliament process is needed for the efficient application of the PBB system in Turkey and questioning the documents like the strategic plan, performance program and activity report.
- *Capacity:* The strategy development units are seen to be designed as units making medium and long term policies apart from the budget away from the daily works. However, most of these tasks cannot be realized efficiently by the strategy development units. The most important factor needs to be improved in terms of strategy development units in the short and medium term is to strengthen the expertise capacity and forming a strong personnel structure in terms of quality and quantity.
- *Calendar:* The budget negotiations are performed in a limited time and the strategic plan and performance program forming the basis of the budget cannot be discussed and the activity reports of the administrations cannot be examined in detail in the content of the budget rights at the Assembly. In this content the budget calendar should be started earlier and the strategic plan and performance program should be submitted in essence to the Assembly which is important issues in examining the documents.
- *Reporting:* The activity reports can be said to be one of the weakest components in the strategic management process in practice. However, the countries successful in planning, program and budgeting processes are seen to operate the monitoring and reporting processes in an efficient way. In the USA, the reporting system is continuously improved and more frequent reporting is done for the important data since 2010. The increase in the frequency in reporting is important for the efficient monitoring of the developments related to the data and making decision and managing the performance oriented for the objective related to that data. While the activity report application is continued as annual reporting in Turkey, important performance indicators need to be more frequently monitored and improved, contributing to the transformation of the classical activity reports into performance reports.
- Besides, after a ten years' PBB experience, it is very important to increase the trend information in the activity report for bringing and managing the performance clearly. Another issue is that the activity reports should not only evaluate the past applications but make inferences for the future and provide feedback to the planning processes.
- Taking a further step in the reporting system, and applying "policy focused" reporting is important. Therefore not only the activities or the objectives but also the policies at the highest level can be monitored. As the "General Activity Report" published every year focuses on the budget realizations, there is no function of monitoring the policies and therefore, issue of a Policy Realizations Report based on the policies in the Development Plans, connected with the strategic plans of the institutions is thought to be useful.
- Reporting is important for informing the citizens in the right way and effective operation of the democracy. The citizens cannot vote in a healthy way unless they know the actions of the politicians, how they use their rights, how and for which goals they spend the public resources. Similarly, when the politician cannot observe the application of the policies, he / she cannot direct the policies in an efficient manner and ensure their implementation.
- *Budget Connection:* Performance based budget can be said to provide important progresses for the planning phase in establishing the plan and budget link. In the Tenth Development Plan covering the years 2014 to 2018 the preliminary transformation programs are included for the first time in terms of program logic. These programs strengthen concreteness and ability of directing the Development Plan in defining the objectives, indicators and responsibility structures.
- However, it is observed that the performance programs are prepared not making enough use of the strategic plans and without establishing the link with the goals and objectives in the plan. The same problem is encountered in establishing the link between the performance program and budget. The institutional budgets may be prepared not basing on the performance program in practice.
- In establishing the plan and budget link, the lack of "program budget" is another field of discussion. At this point, it is important to apply a gradual transition to a budget structure handling the public services with a program approach for the performance based budgeting. However, the system infrastructure should be well established against the risks like the fatigue of the reform in public administrations, loss of the current gains with the addition of new procedures, absence of the analysis in the planning process. Therefore;
 - Any change in the budget system should not be foreseen without changing the planning system,
 - Concluding the program budget approach in an urgent schedule will not be effective in establishing the plan and budget link.

- In the process of transition to the strategic planning, the experience gained by the pilot application of the system in different administrations like the ministry, general directorate and municipalities is important for realizing a cautious transition.

The public management sector is a sector where the outputs and results are seen in the long term. It is observed that the best practices are experienced for long years in planning and nearly 30 years in management and PBB. As a result, when the best practices and other applications in the world are considered, we can be optimist about the future of the PBB in Turkey.

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