

## **Financial Calendar Directive No. /2003**

### **1. Authority to Issue**

This directive is issued by the Ministry of Finance and Economic Development pursuant to article 15 of the Council of Ministers Regulation No. 17/1997.

### **2. Short Title**

This directive may be cited as the " Financial Calendar No...../2003.

### **3. Scope of Application**

This directive shall apply to all entities listed as public bodies in accordance with Financial Administration Proclamation No. 57/1996.

### **4. Objectives of the directive**

The objective of this directive is to ensure that planning and budgeting are prepared, approved, appropriated and executed by the schedule in [Table 1](#).

### **5. Definitions**

#### **5.1 Annual Fiscal Plan**

Annual Fiscal plan includes the preparation of annual estimates of the upcoming fiscal year revenue, expenditure and financing.

#### **5.2 Budget cycle**

Budget cycle involves the preparation, review, approval, appropriation and execution of the annual budget.

#### **5.3 Financial Calendar**

Financial Calendar defines and adequately schedules tasks to be performed, the time frame for each task and the institutions responsible to perform each task so that plan and budget are systematically prepared, approved, appropriated and executed.

#### **5.4 Macro-Economic and Fiscal Framework**

Macro economic and Fiscal Framework is a document which will provide for the next three years:

- Economic growth indicators
- A forecast of Gross Domestic Product (GDP),
- A forecast of Government Revenue and Expenditure
- Expenditure financing
- The split of aggregate expenditures between Federal and Regional.
- The split of Federal expenditures between Recurrent and Capital.

## **5.5 Plan**

Plan refers to the preparation of both the Macro-Economic and Fiscal-Framework (MEFF) and Public Investment Program (PIP).

## **5.6 Planning Cycle**

Planning cycle shall mean the process to prepare and approve multi- year Macro-Economic and Fiscal Framework and the preparation of the Public Investment Program.

## **5.7 Public Body**

Public body means any organ of the Federal government that has a legal mandate established by proclamation or regulation, which is partly or wholly financed by government allocated budget, submit its final account directly to the respective ministry and is on the approved list of public bodies issued by the Prime Minister Office.

## **5.8 Public Investment Program**

Public Investment Program is a rolling three year capital expenditure forecast prepared by Public Bodies in accordance with the PIP preparation manual.

# **6. Tasks to be accomplished by the Ministry of Finance and Economic Development**

## **6.1 Plan Preparation**

6.1.1 With regard to Macro-Economic and Fiscal Framework, the Ministry of Finance and Economic Development has the following duties:

1. Prepare a three year rolling Macro-Economic and Fiscal Framework and present to the Council of Ministries. Macro-Economic and Fiscal Framework provides a three year forecast of the following:
  - Forecast of Economic Growth and GDP.

- Government Revenue and Expenditure and source of financing
- Financing of Expenditure.
- The allocation between the federal government expenditure and the total subsidies to Regions and administrative councils.
- An allocation between capital and recurrent expenditures for the federal government.

2. Macro-Economic and Fiscal Framework shall be prepared not later than October 26.

**6.1.2.** With regard to Public Investment Program the Ministry of Finance and Economic Development has the following duties:

1. A Public Investment Program call letter will be issued on November 25 to public bodies .
2. Review, amend and consolidate the Public Investment Program submitted by Public bodies.
3. The Public Investment program preparation & consolidation shall be completed by February 8.

**6.1.3** Preparation and Notification of a three year subsidy estimates.

1. In accordance with the subsidy formula approved by the House of Federation, the Ministry of Finance and Economic Development shall prepare and notify three year estimates of subsidy to Regional Governments and Administrative Councils.
2. The preparation and notification of the three year subsidy estimates shall be completed by November 25.

**6.1.4** Annual Fiscal Plan Preparation

1. The Ministry of Finance and Economic Development shall prepare the Annual Fiscal Plan.
2. The Annual Fiscal Plan shall be prepared by January, 24.

## **6.2 Budget Preparation**

The Ministry of Finance & Economic Development shall perform the following activities as specified in the financial calendar.

**6.2.1** Annual Subsidy Preparation.

1. In accordance with the approved subsidy formula, the Ministry of Finance & Economic Development shall prepare and notify annual subsidy budget to Regional Governments and Administrative Councils.

2. The preparation and notification of the annual subsidy estimates shall be completed by February 8.

#### **6.2.2 The Preparation of a Budget Call**

1. The Ministry of Finance & Economic Development will prepare the budget call letter and guidelines and issue it to public bodies.
2. The budget call and guidelines shall be issued to public bodies by February 8.

#### **6.2.3 Budget Review and Recommendation**

1. The Ministry of Finance and Economic Development prepares the recommended budget based on the budget request of public bodies. Preparing the recommended budget is when the budget requests of public bodies are reviewed, adjusted and consolidated into a budget for both recurrent and capital expenditures. The requested recurrent and capital budget will be reviewed in relation to government policies and priorities, total expenditure ceiling and from the allocated ceilings of each public body.
2. The recommended budget includes the Federal government recurrent and capital budget, the subsidies to Regional Governments and Administrative Councils and an estimate of resources.
3. The recommended budget will be submitted to the Council of Ministers by May 23.

#### **6.2.4 Budget Notification**

1. Once the budget is approved and appropriated by the House of Peoples Representatives, the Ministry of Finance and Economic Development will prepare the following:
  - The budget allocation guideline:
  - The notification to public bodies and their budget institutions of the source of finance and line item of expenditures.
2. Notification of the approved budget to public bodies will be between July 8 to 15.

## **7. Tasks to be accomplished by public bodies**

### **7.1 Plan Preparation**

1. Public bodies shall submit their investment program within the specified submission time as they receive the public investment

- program call letter from the Ministry of Finance and Economic Development.
2. Public bodies shall submit their public investment program by December 25.

## **7.2 Budget Preparation**

### **7.2.1 Budget Preparation**

1. Public bodies shall perform all budget preparation activities /development of unit costs, mid-year program review and work plan development/ before the budget call is sent to them so that they can submit their budget request in time.
2. The budget preparation shall be performed not later than Feb. 8

### **7.2.2 Submission of Budget Requests**

1. Public bodies are responsible for preparing their budget request which begins when they receive the budget call letter and guideline from the Ministry of Finance and Economic Development.
2. If a public body fails to submit its budget request with the time specified in the budget call letter, the Ministry of Finance and Economic Development shall recommend a public body's budget based on the information it has.
3. Public bodies shall submit their budget request not later than March 22.

### **7.2.3 Submission of Budget Allocation**

1. Public bodies shall submit their action plan (physical and financial) together with budget allocation in accordance with the budget allocation guideline prepared by the Ministry of Finance and Economic Development.
2. Budget allocation and action plan should be submitted during July 16 to August 16.

## **8. Tasks to be accomplished by the executive body**

### **8.1 Plan Approval**

1. The Council of Ministers shall review and approve the Macro-Economic and Fiscal Framework prepared by the Ministry of Finance and Economic Development.
2. The Macro-Economic and Fiscal Framework shall be approved by the Council of Ministers between October 27 and Nov. 10.

### **8.2 Budget Recommendation**

1. The Council of Ministers shall review and recommend the budget prepared by Ministry of Finance and Economic Development.
2. The Council of Ministers shall review and recommend the budget between May 23 to June 2.
3. The recommended budget shall be submitted to the House of Peoples Representative for approval and appropriation not later than June 7.

## **9. Tasks to be accomplished by legislative body**

### **9.1 Approval and *appropriation* of the Recommended Budget.**

1. The House of Peoples Representative shall review, amend and approve the recommended budget.
2. The House of Peoples Representative shall vote an annual appropriation for the approved budget not later than July 7. The appropriation will specify: the total of the federal capital budget, recurrent budget, and regional subsidies: and , the total subsidy for each region.
3. The administration of the annual appropriation will be governed by Proclamation No.57/1996 (the Financial Law) and the Council of Minister's Regulation No. 17/1997 (the Financial Regulation).

## **10. Financial Calendar Tables**

Attached here under are tables 1 and 2 which show the activities in No. 6 to 9 above, the responsible institutions and the time frame for each activity.

## **11. Effective date**

This directive shall come into force on .....date 2004.

Addis Ababa.....Date, 2004

**Sufian Ahmed**

**Minister of Finance and Economic Development.**

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**Table 1**

## Financial Calendar

Cycle	Calendar
<b>Planning Cycle</b>	
1. Macro-Economic and Fiscal Framework	July 8 - November 10
1.1 Preparation of MEFF	Not later than October 26
1.2 Approval of MEFF	October 27- November 10
2. Public Investment Program Preparation	November 11 - February 8
2.1 Public Investment Program call letter	November 25
2.2 Submission of Public Investment	Not later than December 25
2.3 Review and Finalize PIP	Dec. 26 - Feb 8.
3. Notification of a 3-year subsidy estimates	November 25
4. Prepare and finalize Annual fiscal plan	January 24
<b>Budget Cycle</b>	
<b>A. Executive Preparation and Recommendation of budget</b>	
1. Budget preparation	Not later than Feb 8
2. Notification of annual subsidy budget	Feb. 8
3. <i>Issue</i> budget call	Feb. 8
4. <i>Submit</i> budget Request	Not later than March 22
5. Preparation of the Recommended budget	March 23 - May 22
6. Budget Recommendation	May 23- June 2
<b>B. Legislative Approval</b>	
7. Approval and appropriation of the budget	June 8 - July 7
<b>C. Executive Implementation</b>	
8. Notification of the approved budget	July 8-15
9. Submission of Budget allocation and action plan	July 16-Aug. 16
10. Implementation of the approved budget	July 8- July 7

**Table 2**

### Activities to be performed and Responsible Institutions

Cycle/Activities	Responsible Institutions
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<b>Planning Cycle</b>	
1. Macro Economic and Fiscal Framework	MoFED, Ministry of Revenue, National Bank, Council of Ministers
2. Public Investment Program	MOFED and Public Bodies
3. Annual Fiscal Plan	MOFED, Ministry of Revenue, National Bank
<b>Budget Cycle</b>	
<b>A. Executive Budget Preparation and Recommendation</b>	
1. Budget Preparation	Public Bodies
2. Notification of Subsidy Budget	MOFED
3. Budget Call	MOFED
4. Budget Request	Public Bodies
5. Preparation of the Recommended Budget	MOFED
6. Budget Recommendation	Council of Ministers
<b>B. Legislative Approval</b>	
7. Approval of the Recommended Budget	House of Peoples Representatives
8. Appropriation of the approved Budget	House of Peoples Representatives
<b>C. Executive Implementation</b>	
9. Notification of the approved budget	MOFED
10. Submission of Budget Allocation and Action Plan	Public Bodies
11. Implementation of the approved budget	Public Bodies