



Budgets

Marina Ayvazyan
Finance & Budgeting Expert

Budget is...

A best estimate of the amount of money that individual, group or organization plans to spend for a set purpose over a given period of time.

Budgeting

- What are the project goals?
- Which activities are involved?
- Which resources are required?
- How much will resources cost?
- Where the finance comes from?
- Are the results feasible?

What to consider?

- Simplicity
- Deadlines
- Budget lines
- Budget estimate
- Unbudgeted/unpredicted costs
- Commonly forgotten expenses

Do you have experience in budgeting?



No experience

- More time needed to develop budget
- Difficult to justify the expenses (if not based on experience)
- More inspiration and creativity is present
- Non traditional-more cost-effective result

Budget Types

- Activity- based, expense-based
- Budget justifications

Activity-Based Budget Components

- Personnel
- Activities (travel, rent, meals, honoraria)
- Furniture & Equipment
- Office expenses
- Indirect costs

Sample Budget

Project Budget				
Budget Line	Unit	Quantity	Price/Unit	Total Price
A. Project Personnel				
1. Staff 1	month			
2. Staff 2	month			
Subtotal: A				
B. Activity 1				
1. Rent	per/event			
2. Materials	per/person			
3. Meals	per/person			
4. Experts	contract			
Subtotal: B				
C: Furniture & Equipment				
1	item			
2	item			
Subtotal: C				
D. Office expenses				
1. Communication (Internet, telephone, etc)	month			
2. Electricity, Water, Gas	month			
3. Travel	month			
4. Office Rent	month			
Subtotal: D				
Total Budget				

Why do we need budgeting?

- For planning
- Financing
- Project implementation
- Monitoring & evaluation

Procurement/bidding

- Price quotations
- Supporting documents (receipts, contracts, invoices, bids)
- Justification of vendor selection

Financial Reporting

Project Budget					
Budget Line	Total Price	Month 1	Monh 2	Month 3	Month 4
A. Project Personnel					
1. Staff 1					
2. Staff 2					
3					
Subtotal: A					
B. Activity 1					
1. Rent					
2. Materials					
3. Meals					
4. Experts					
Subtotal: B					
C: Furniture & Equipment					
1					
2					
Subtotal: C					
D. Local Office					
1. Communication					
2. Electricity, Water, Gas					
3. Travel					
4. Office Rent					
Subtotal: D					
Total Budget					

Budget Monitoring?

- Financial reporting
- Cash flow management
- Budget vs Actual
- Future proper budgeting

Budget vs Actual (deviations)

- Analyze the situation (positive or negative deviations)
- Reasons of deviations (activities time frame, cost fluctuations, quantity changes)
- Are deviations temporary or fixed?
- Budget changes are required