

Project Cycle Of A Budget

Speaker: All NGOs have budgets. It acts like a project cycle, with a need assessment of the base line, plans and budgets; followed by program implementation and incurring expenditure. Then there is monitoring which is the budgetary control requiring documentation, reporting and evaluation. Last is audit. At each step you will see the need assessment and the baseline - when we make plans we will simultaneously prepare the budget; when we implement we incur expenditure; when we monitor programs we also look at the budgetary control and when we document, we also report followed by a review. This is how a project cycle looks – preparation, implementation and analysis.

Budget tells you how much money you need to carry out your activities. It enables foreseeing through the implications of activity planning and realities of the budget process to rethink your action plans. When used properly, the budget tells us when there is a need for funds to carry out activities. It also enables monitoring of income and expenditure. It is the basis for financial accountability and transparency; you cannot raise money from donors unless you have a budget. Donors use the budget as a basis for deciding whether the money that the organization is asking for is reasonable and well-planned. So donors use it to approve projects; NGOs use it for planning, monitoring and reviewing and auditors use it to see what was planned and what was actually spent