HUMANITARIAN ACADEMY · HUMANITAIRES JOBS

Mini MBA Programmes and MEAL: design, manage and prove impact

Course handout · Week 4 : Planning and budgeting a programme: from work plan to burn rate

A programme of exactly 3 months (12 weeks, 144 hours) to design, manage and evaluate humanitarian programmes: needs assessment and severity, results chain and indicators, targeting and cash transfers, planning and budget, MEAL plan and data quality, sampling, analysis, accountability, evaluation, impact measurement, value for money and adaptive management. Corrected numerical exercises, three monthly exams with case studies, and a verifiable diploma from the Humanitarian Academy.

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Week 4 : Planning and budgeting a programme: from work plan to burn rate

Objectives

- Build a realistic work plan: task breakdown, dependencies, critical path and float.
- Link the budget to activities through unit costs, and calculate cost per person and cost per result.
- Monitor implementation with the burn rate and detect underspending and overspending early.

From logframe to work plan

The logframe says what; the **work plan** says who does what, when and with what resources. Start from the logframe activities and break them down into tasks of 1 to 4 weeks (work breakdown structure): to "distribute transfers to 3,000 households", you must register, verify, contract a payment provider, train the teams, inform communities, pay, and carry out post-distribution monitoring.

Each task receives a **duration**, a single **person responsible** and its **dependencies**: most are "finish-to-start" (payment can only start after the contract is signed). The Gantt chart shows these tasks over time, but it is not enough: the critical path must be identified.

The work plan also integrates **context constraints**: rainy season cutting off roads, lean season, religious holidays, elections, agricultural calendar, and administrative delays (authorities' approval, customs clearance, recruitment). In many contexts, recruiting for a key post takes 8 to 12 weeks and importing goods 3 to 6 months; a plan that ignores this is wrong from day one.

> The first quarter of a project is almost always late. Planning expenditure in a linear way (one twelfth per month) guarantees a large variance by the third month.

The critical path and float

The **critical path** is the longest sequence of dependent tasks; its duration is the project's minimum duration. Any task on the critical path that is delayed delays the whole project. The other tasks have **float**: they can slip without consequence, within the limit of that float.

Example. A: assessment (3 weeks). B: tender for the payment provider (6 weeks, after A). C: household registration (4 weeks, after A). D: verification of lists (2 weeks, after C). E: first payment (1 week, after B and D).

- Path A-B-E: 3 + 6 + 1 = 10 weeks.
- Path A-C-D-E: 3 + 4 + 2 + 1 = 10 weeks.

Both paths last 10 weeks: both are critical and no task has any float. A one-week delay on registration or on the tender pushes back the first payment. If the tender took 4 weeks, path A-B-E would take 8 weeks and task B would have 2 weeks of float.

To **shorten** a project, act only on the critical path: speeding up a task that has float changes nothing. Two techniques: do in parallel what was in sequence (start registration during the end of the assessment, with a risk of rework) and add resources to a critical task (two registration teams instead of one).

The programme budget built on unit costs

A solid budget is built **from activities**, with verifiable unit costs: quantity × unit cost × duration or frequency. Each line has a justification (quotation, market price, salary scale, history). Donors mostly reject budgets where amounts are round, have no basis of calculation, or have no link with the logframe.

The budget usually distinguishes: **direct activity costs** (transfers, inputs, training), **staff** (with the share of time charged to the project), **office running costs** shared between projects according to a documented allocation key, **monitoring and evaluation**, and **indirect costs** (percentage set by the donor, often 7 to 10%).

Shared costs. An office costs 20,000 USD per month and serves three projects. The most defensible key is often staff time or budget share: if the project accounts for 40% of the office's direct expenditure, it takes 8,000 USD per month. The key must be written down, applied consistently and verifiable by an auditor.

> A budget is not a ceiling to be reached: it is a forecast. Spending at the end of the project to "use up" the budget is a management fault that shows up in audits.

Cost per person and cost per result

Two cost indicators inform decisions, provided they are well defined. The **cost per person reached** divides the total cost by the number of people assisted. It is simple but misleading: it favours programmes that give little to many people and says nothing about the effect.

The **cost per result** divides the cost by the effect obtained: cost per child cured of severe acute malnutrition, cost per household moving from insufficient to acceptable consumption, cost per water point still functional after one year. It allows approaches to be compared.

Example. Project A: 600,000 USD, 4,000 children admitted, cure rate 70%: cost per child cured = 600,000 / 2,800 = 214 USD. Project B: 450,000 USD, 3,500 children admitted, cure rate 55%: 450,000 / 1,925 = 234 USD. Project B seems cheaper per child admitted (129 against 150 USD), but it is more expensive per child cured.

The **share of costs that directly reaches people** (transfer ratio, or cost-transfer ratio for cash) measures delivery efficiency: for a cash programme, amount transferred / total cost. A ratio of 0.80 means that 80 cents of every dollar reach households. It is compared between similar programmes, never between very different modalities or contexts.

Monitoring implementation: the burn rate

The **burn rate** compares cumulative actual expenditure with the expenditure planned in the cash-flow plan, not with a straight line. It is monitored every month, line by line, by the finance manager and the project manager together.

Example. 12-month budget: 900,000 USD. End of month 6: cumulative planned expenditure 420,000 USD (the plan allowed for a slow start), actual expenditure 290,000 USD. Implementation rate: 290,000 / 420,000 = 69%. At the current average rate (290,000 / 6 = 48,333 USD per month), 610,000 USD would remain to be spent in 6 months, i.e. 101,667 USD per month: more than double the current rate. Action is needed now.

The causes of underspending are almost always operational: delays in access, recruitment or procurement, postponed activities. The response follows this order: understand the causes line by line; speed up what can be sped up without loss of quality; propose a budget revision or a no-cost extension to the donor **before** the last months (most donors require a request at least 30 to 60 days before the end); never make unnecessary end-of-project purchases.

Conversely, an overspend on one line is offset within the **flexibility** provided in the contract (often 10 to 20% between lines or headings without prior approval). Beyond that, the donor's written approval is mandatory, otherwise the expenditure risks being declared ineligible.

Programme human resources and organisation

The staffing plan follows from the work plan: how many enumerators are needed to register 3,000 households in 4 weeks? If one enumerator conducts 12 interviews per day over 20 working days per month, a team of 13 enumerators conducts 3,120 interviews in 4 weeks. The calculation avoids both teams that are too small (delays) and too large (costs, quality).

The **programme organisation chart** clarifies responsibility for each result and the segregation of duties: the person who selects beneficiaries must not be the one who approves payments or the one who handles complaints. The **RACI** matrix (responsible, accountable, consulted, informed) for each key process (registration, payment, monitoring, complaints) makes these separations visible and verifiable.

Finally, the programme manager organises a stable **management rhythm**: weekly team meeting on the work plan; monthly review of indicators, budget and risks; quarterly review with country management, which can decide on reallocations. A programme without a management rhythm discovers its problems in the final report.

Exercise: critical path and burn rate

Situation. Tasks: A, assessment (2 weeks); B, team recruitment (5 weeks, after A); C, purchase of kits (8 weeks, after A); D, team training (1 week, after B); E, distribution (2 weeks, after C and D). Total budget: 600,000 USD over 10 months. At the end of month 5, cumulative planned expenditure: 260,000 USD; actual expenditure: 182,000 USD.

Task. 1) Calculate the minimum duration and the critical path. 2) What is the float on recruitment? 3) Calculate the implementation rate and the monthly rate needed to spend the remaining budget.

Answer. A-C-E: 2 + 8 + 2 = 12 weeks. A-B-D-E: 2 + 5 + 1 + 2 = 10 weeks. Critical path: A-C-E, 12 weeks; recruitment has 2 weeks of float. To bring the distribution forward, act on the purchase of kits (launch the tender during the assessment, or use a framework agreement). Implementation: 182,000 / 260,000 = 70%. Remaining: 418,000 USD in 5 months, i.e. 83,600 USD per month against an average of 36,400 so far. The late lines must be identified and a revision or no-cost extension discussed with the donor now.

Key takeaways

- Only the critical path determines the project's duration; speeding up a task that has float is useless.
- A budget is built by activity: quantity × unit cost × duration, with a justification for each line.
- Cost per result compares approaches better than cost per person reached.
- The burn rate is compared with the cash-flow plan, not a straight line, and is monitored every month.
- Budget revision or no-cost extension: request it early, never resort to end-of-project purchases.

Quiz

1. A (2 wks), then B (4 wks) and C (3 wks) in parallel after A, then D (1 wk) after B and C. Minimum project duration:

   A. 10 weeks

   B. 7 weeks

   C. 6 weeks

   D. 9 weeks

2. Project of 300,000 USD, 1,500 children admitted, cure rate 80%. Cost per child cured:
   A. 200 USD
   B. 250 USD
   C. 240 USD
   D. 160 USD

3. To shorten a project, you act first on:
   A. The tasks with the most float
   B. The tasks on the critical path
   C. The indirect cost budget
   D. The final report

4. A cash programme transfers 720,000 USD for a total cost of 900,000 USD. The transfer ratio is:
   A. 0.80
   B. 1.25
   C. 0.72
   D. 0.20

5. Four months before the end, 40% of the budget is unspent because of access delays. The best response is:
   A. Buy equipment to use up the budget
   B. Analyse the causes line by line and ask the donor early for a revision or a no-cost extension
   C. Say nothing to the donor
   D. Return the money without explanation

Quiz answers : 1. B · 2. B · 3. B · 4. A · 5. B