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Building a budget on an irregular income

You earn money in lumps, not every month the same amount. Learn how to build a budget that survives dry weeks, protects your essential costs, and stops irregular income from becoming a crisis. This guide shows you the exact method to track what you actually earn, split it between survival and plans, and keep control when the money stops.

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WHAT YOU WILL BE ABLE TO DO

- Calculate your true average monthly income from irregular payments over three to six months
- Separate essential costs (rent, food, transport) from discretionary spending so you know your survival minimum
- Build a cash buffer that covers two months of essential costs using a simple saving method
- Allocate lumpy income into fixed and variable pots so money is committed before you spend it
- Recognise when an income shortfall is coming and adjust your spending in time to avoid debt

Who this is for: People earning from freelance work, contract jobs, casual labour, small business sales, or gig platforms where payment arrives in uneven amounts.

Why irregular income breaks normal budgets

The problem: lumpy money, fixed costs

When you work a salaried job, you know exactly what arrives on the 25th of each month. You budget backwards: rent first, then food, then what is left. That method works because the money is predictable.

Irregular income is different. You might earn 1.5 million shillings in January from a contract, then nothing in February, then 800,000 in March. Your rent does not pause. Your landlord still expects payment on the first. Food prices stay the same. Transport costs do not drop because you had a quiet week.

Many people in your situation respond by spending every shilling when it arrives, then borrowing or cutting essentials when money runs dry. You end up paying interest on loans, or skipping meals, or asking family for help month after month. The income is adequate over the year—but because it does not arrive on time, it feels like poverty.

The fix is not budgeting—it is a different structure altogether. Instead of "income minus expenses," you need "income goes into pots, pots feed spending." This guide teaches you that structure step by step.

How irregular income differs from salary in the Tanzanian context

Many Tanzanians earn in ways that do not produce a monthly salary slip. Drivers earn daily cash fares and save weekly. Market traders collect money from sales across the day and week. People working through gig platforms like Uber or delivery apps receive payment after a job, not on a fixed date. Freelancers invoice clients who pay weeks or months later. Farmers sell harvest in bulk, then live on that money for months. Tradespeople (plumber, electrician, carpenter) work job by job.

For all of these people, the Tanzania Revenue Authority (TRA) still expects tax payments on schedule. Landlords expect rent on time. Mobile money platforms charge fees on every transaction. NSSF contributions, where required by a contract, are calculated on what you earned in a given month, not on what you have in your phone right now.

Standard budgeting advice—"put aside 10% for savings"—assumes you have leftovers. When money does not arrive regularly, there are often no leftovers. You need a system that protects essentials first, then saves from whatever remains, and does it automatically so you do not spend money that you need later.

Step one: measure your real average income

Collect three to six months of actual earnings

Before you can build a budget, you need to know what you actually earn on average. This is not your best month or your worst month. It is the middle ground over time.

On your phone, open a note-taking app or a spreadsheet (Google Sheets is free and works on phone data). Create a simple table with two columns: date and amount earned. For the next three months, write down every payment you receive—from any source. If you drive a taxi, note each day's take-home after fuel and vehicle hire. If you sell goods, note the weekly or daily total. If you invoice clients, record the date and amount when money actually lands in

your M-Pesa account, not when you sent the invoice.

Use your phone's M-Pesa transaction history to fill in gaps. Open the M-Pesa app, select "Statement," and scroll through deposits. Photograph or screenshot transactions that are income (ignore transfers to other people, bill payments, and withdrawals). If you are paid in cash and deposit it later, record the deposit date and amount.

After three months, add up all income and divide by three. This is your conservative monthly average. If you have six months of data, use that instead—it is more reliable. Write this number down somewhere you can see it. This is the figure your budget is built around, not your best month.

Example: A freelance graphic designer records these monthly deposits over four months: 2.8 million, 1.2 million, 3.1 million, 1.9 million. Total is 9 million. Divided by four months: 2.25 million per month average. The budget is built for 2.25 million, not 3.1 million (the best month) or 1.2 million (the worst).

Separate one-time money from repeating income

Some payments you receive are not regular. A family member sends a lump sum for emergencies. You sell something you own. You receive a bonus or contract completion payment. These are not part of your budgeted income—they are extra.

When you calculate your three-month average, exclude any payment that did not repeat in all three months. For instance, if you received a 500,000-shilling transfer from your mother in one month, do not count it. If you sold a phone for 800,000, do not count it. If you earned extra money from a special project in only one month, exclude it.

Your budget must work on the money that reliably recurs. One-time money is for building your buffer or handling emergencies, as you will see later.

Write down your average income and date it

Create a simple record on your phone. Open Google Sheets or a note app and write:

Average monthly income: [amount] TZS
Calculated from: [month] to [month]
Date calculated: [date today]
Next review: [date three months from now]

This is not just a number—it is your baseline. In three months' time, recalculate it. Your income may be rising, falling, or staying steady. Update the figure so your budget stays realistic. Doing this now saves you from budgeting on fantasy numbers.

Step two: identify your essential and discretionary spending

List and measure your non-negotiable costs

Essential costs are the ones that must be paid or your life breaks. These are rent, staple food, transport to earn money, phone credit to receive payments, and any costs tied to your work (vehicle maintenance, tools, stock).

Open your M-Pesa statement again or your bank app. Look back one month and write down every payment for these categories. Be specific. Do not write "transport"—write "daily minibus: 400 TZS × 22 working days = 8,800 TZS." Do not write "food"—write "staple groceries from market: roughly 45,000 TZS per month" (based on what you actually spend, not what you think you spend).

Go through the last month's data on your phone. Search your M-Pesa messages for rent, mobile money withdrawal (cash for food or transport), fuel purchases, subscription payments, or vendor transfers. Total each category.

Example essential costs for a casual worker:

- Room rent: 150,000 TZS
- Food and cooking fuel: 60,000 TZS
- Transport (minibus fares): 9,000 TZS
- Phone credit (work calls and data): 5,000 TZS
- Work clothes and tool replacement: 10,000 TZS
- **Total essentials: 234,000 TZS**

If you have household dependents you must support, add those costs. If you send regular money to family, and that is non-negotiable, include it. If you pay school fees in lump sums once or twice a year, divide that annual cost by 12 and add it as a monthly cost.

Measure your actual discretionary spending

Discretionary spending is everything else: entertainment, socialising, clothes beyond work wear, airtime for non-work calls, eating out, betting, transport for leisure. These are not bad—but they are not survival.

Again, look at one full month of M-Pesa statements. Find payments to restaurants, bars, betting platforms, airtime for social use, music streaming services, or money sent to friends for non-essential reasons. Add them up. Do not estimate—measure.

Many people find this number is higher than they expected. Common blind spots: daily takeaway food, repeated airtime purchases, small bets or gaming charges that add up, regular money sent to friends. You might discover you spend 50,000 TZS a month on discretionary items without noticing it happens.

Example: one month of discretionary spending

- Eating out (lunch three times a week): 24,000 TZS
- Mobile airtime (social, music, gaming): 8,000 TZS
- Betting or gaming apps: 6,000 TZS
- Money sent to friends: 12,000 TZS
- **Total discretionary: 50,000 TZS**

Write both totals down now. Essential: [X]. Discretionary: [Y]. You will need these numbers in the next section.

Check the maths: do your essentials fit your average income?

Now subtract. Average monthly income minus essential costs. If the answer is positive, you have room to build a buffer and some flexibility. If the answer is negative or close to zero, your essential costs are already running at or above what you reliably earn.

If essentials exceed your average income, you have a serious problem that a budget cannot fix alone. You will need to either increase income (take on more work) or reduce essentials (move to cheaper housing, negotiate a lower transport cost by walking some journeys, or involve family in cost-sharing). A budget is built around costs that are already possible to cover. If they are not, the first step is making them possible.

If essentials fit comfortably within your average income, continue to the next section. You have room to survive the lean months and save in the flush months.

Step three: build a safety buffer

Understand why you need two months of essentials saved

The reason budgets fail with irregular income is that you will have months where no money arrives. A driver might be sick. A freelancer's client might delay payment. A market trader might have slow weeks. That month arrives. Your essentials still cost the same. Landlord knocks on the door. You have no income to cover it.

The solution is a buffer: cash set aside that you do not touch except in genuine shortfalls. Most budgeting advice says save three to six months of essentials. On irregular income in Tanzania, start with two months. That is enough to cover a bad month or two without borrowing.

Two months of essential costs for the example above is $234,000 \times 2 = 468,000$ TZS. That is the target. Once you have this saved, your income can be choppy and you will not panic.

Open a separate savings account if possible

If you have access to a bank account (through a bank like NMB, Crdb, Equity, or TIB), open a savings account separate from your working account. Transfer your buffer money there. The separation is psychological and practical: you see the money in a different place, so you are less likely to spend it on impulse. If you need it, you will have to consciously withdraw it, which forces you to think before you do.

If you do not have a bank account or cannot afford the fees, use M-Pesa instead. You can request an M-Pesa savings account through the app (not all numbers are eligible; your

network provider will tell you if yours is). Alternatively, ask a trusted family member if you can leave buffer money with them as a formal loan to yourself, with the agreement that you only withdraw it for genuine income shortfalls.

Do not keep your buffer in cash at home. It will be spent when you are short, or borrowed from when a friend or family member needs it, or lost. A separate account, even if it is just M-Pesa, creates friction that protects the money.

Calculate how much to set aside from each payment

You are not going to save two months' essentials all at once. You are going to take a small amount from each payment you receive and move it into the buffer account. This way, the buffer builds gradually while you still have money to live on.

Here is the method:

Divide your target buffer by the number of months you want to save it over. For most people, this is 12 months—a reasonable, gentle pace.

Example: Target buffer is 468,000. Divided by 12 months = 39,000 per month to set aside.

Now, when you receive a payment, immediately put that month's buffer amount aside first. Do not spend it. Move it to the savings account. The remaining money is what you budget with for that month.

Example workflow: Freelancer receives 2.8 million for a project. Immediately transfers 39,000 to the savings account. Remainder: 2.761 million is the working money for that month. Another month, they receive 1.2 million. Sets aside 39,000. Works with 1.161 million.

Within 12 months, the buffer is complete. After that, the 39,000 continues to go into savings, but you are no longer building towards a target—you are just letting extra money accumulate.

What to do if a payment is very small

Some months, you might earn only 1.2 million when your average is 2.25 million. You still set aside your buffer amount (39,000), but now your working money is much smaller (1.161 million). That month will be tight.

This is when you reduce discretionary spending. You do not eat out. You do not send money to friends. You cut small luxuries. Your essentials are still covered because you planned for them. Discretionary spending is where you absorb the shock of a small month.

If a month is so small that after setting aside the buffer, you cannot cover essentials, you have a crisis, not a budgeting problem. This is rare if you have built a proper buffer. But if it happens, this is when you use the buffer account itself—you withdraw just enough to cover the gap. Then in the following good month, you replenish it.

Step four: allocate income and track spending in real time

Create a pots system in M-Pesa or your bank

The best way to enforce your budget is to make spending automatic. When money arrives, it should immediately split into dedicated accounts or spaces. Money for essentials stays separate from discretionary money. Money for savings is locked away.

If you use M-Pesa, you can have multiple registered SIM cards or ask your provider about sub-accounts (availability varies by region and provider—ask at your nearest Vodacom, Airtel, or Tigo shop). Some people use one M-Pesa number for income and savings, and a second M-Pesa number for day-to-day spending. Money goes in, gets split, and each number serves one purpose.

If you use a bank, most banks offer multiple savings accounts under one person's name at no extra cost. Create one for essentials buffer, one for discretionary spending, and keep day-to-day money in your main account. When you are paid, you transfer portions to each account immediately.

If you have neither option, use a spreadsheet on your phone (Google Sheets or even Notes app) to track allocations. When you receive money, you write down in the spreadsheet how much is for buffer, how much for essentials, how much for discretionary. Then you only spend from the amount you have allocated.

The allocation formula for an irregular month

When you receive a payment, use this formula in this exact order:

1. Set aside the month's buffer amount (39,000 in the example)
2. Allocate your average essential costs (234,000 in the example)
3. Whatever remains is your discretionary spending for the month

Worked example: High month

Income received: 3.1 million

Buffer set aside: 39,000

Essentials allocated: 234,000

Remaining for discretionary: 2.827 million

This is a good month. You have essentials covered and substantial room for discretionary spending, entertainment, helping others, or extra savings.

Worked example: Low month

Income received: 1.2 million

Buffer set aside: 39,000

Essentials allocated: 234,000

Remaining for discretionary: 927,000

Even in a low month, essentials are covered and there is still room for some discretionary spending. You can afford to be normal most of the time.

Worked example: Crisis month

Income received: 600,000 (very slow month)

Buffer set aside: 39,000

Essentials allocated: 234,000

Remaining for discretionary: 327,000

Your discretionary budget is small, but essentials are still covered. However, you are eating into your buffer, so you should now cut discretionary spending to nearly zero and replenish the buffer from the next good month.

Track daily spending against your allocation

Every time you spend money, record it in a note or spreadsheet. Open Notes or Google Sheets and create a table with: date, description, category (essential or discretionary), and amount. Do this every day, or at least every two or three days. It takes 30 seconds per transaction.

Example daily log:

Date	Description	Category	Amount (TZS)
3 Jan	Minibus to market	Essential	1,600
3 Jan	Groceries	Essential	18,000
3 Jan	Coffee with friend	Discretionary	3,500
4 Jan	Work supplies	Essential	5,000
4 Jan	Entertainment	Discretionary	2,000

At the end of each week, add up the essential and discretionary columns. Check them against your allocation. If you are on track, continue. If essentials are running high, examine why (prices went up, unexpected cost?). If discretionary is running high, cut it back for the remaining weeks.

Adjust when you see a pattern going wrong

By the second week of the month, you will know if you are tracking well or poorly. If your essential spending is already at 60% of your allocation with half the month remaining, something has gone up in price or you miscounted. Address it: eat at home more, use cheaper transport, or find an unexpected cost to cut.

If your discretionary spending is running away (you are already at 70% of your allocation by week two), cut it now. This is not punishment—it is you catching yourself before you run short on essentials.

Step five: recognise income shortfalls coming and adjust before they hit

Spot a slow period in advance

Many people with irregular income know when quiet periods are coming. Construction workers know projects end. Farmers know the harvest season ends. Drivers know tourist season. Market traders watch sales trends.

Do not wait until the slow month arrives to panic. In the month before a known quiet period, tighten your budget. Reduce discretionary spending now. Cook at home instead of eating out. Postpone new clothes. Save as much as you can.

If you are uncertain whether a slow period is coming, ask others in your field. Call or message three people who do what you do. Ask, "How many months ahead of time do you usually know business is going to be slow? When should I be preparing?" You will get a rough sense of your industry's rhythm.

Reduce discretionary spending before you have to

As soon as income looks like it will drop, cut discretionary spending voluntarily. This sounds simple but it is hard, because you feel fine now and the hardship is theoretical. Do it anyway.

In a month where you expect the next month to be slow, allocate yourself zero or minimal discretionary spending. Eat at home. Do not send money to friends. Skip entertainment. This is not permanently—it is a two or three month adjustment. You are moving money forward to cover the gap.

Worked example: Driver knows January is slow because many tourists leave

December is busy. He receives 3.5 million. After buffer (39,000) and essentials (234,000), he has 3.227 million discretionary.

Instead of spending it, he allocates: 500,000 for normal discretionary, and transfers 2.727 million to savings. This is painful—he feels he is giving up a bonus he earned. But he is not. He is moving money from December to January.

January arrives. He earns only 1.5 million. Buffer (39,000), essentials (234,000), leaves 1.227 million. Without his December saving, this would be tight. With it, he is comfortable.

Watch your buffer status weekly

Every Sunday, or whatever day you choose, check your buffer account. How much is in it? Is it stable, growing, or shrinking? If it is shrinking week after week, you are spending more than you earn on average, and that is not sustainable.

If the buffer is shrinking, do one of two things: find extra income (take on more work, sell something, pick up a side gig) or cut essential costs (move to cheaper housing, renegotiate rent, find cheaper transport). A budget cannot fix a problem where costs exceed income. But you will see it coming weeks in advance if you watch the buffer, and you can act.

Step six: prepare for the next seven days

Identify your key decisions this week

Open your calendar or phone. What money is coming in this week? A payment for a job, a regular client check, a farm product sale, or gig platform payout? Write down the date and rough amount you expect.

What money is going out? Is rent due? Is there a large purchase you committed to? Are you buying stock or supplies for your work?

If a large payment is due and you are not sure the income will arrive in time, act today. Contact your client or customer. Do not wait until the due date.

Review your discretionary spending for the coming week

Look at how much discretionary budget you have left this month. If it is abundant, you have freedom. If it is tight, you need to make conscious choices about what you will and will not spend on this week.

Write down three discretionary things you typically spend on: eating out, entertainment, social money transfers, subscriptions. For this week, decide which you will do and which you will skip. Write the decision down. When the moment comes to spend, you already know what you decided.

Check one essential cost

Pick one essential cost category (rent, food, transport, work supplies). This week, track it more carefully than usual. Write down every transaction. At the end of the week, see if it is running higher or lower than your expectation. If higher, investigate why (prices went up? you bought more? you got quoted wrong?). If lower, you have found room to save.

USABLE ARTEFACT — BUDGET SETUP CHECKLIST (DO THIS ONCE)**Step 1: Measure income (takes 30 minutes)**

- ☐ Collect three to six months of M-Pesa statements or bank records
- ☐ Write down every income payment received
- ☐ Exclude one-time money (gifts, asset sales, bonuses)
- ☐ Add up total repeating income and divide by number of months
- ☐ Write down your average monthly income

Step 2: Measure essential costs (takes 45 minutes)

- ☐ List all non-negotiable monthly costs: rent, food, transport to work, work-related costs, family support
- ☐ For each category, check last month's actual spending in M-Pesa
- ☐ Write down the total essential costs
- ☐ Subtract essentials from average income. If positive, continue. If negative or zero, you need to increase income or cut essentials first.

Step 3: Measure discretionary spending (takes 30 minutes)

- ☐ List all non-essential spending: entertainment, eating out, social spending, subscriptions, hobbies
- ☐ Check last month's M-Pesa history and add it up
- ☐ Write down the total discretionary spending you currently do

Step 4: Set buffer target (takes 15 minutes)

- ☐ Multiply essential monthly costs by 2
- ☐ Write down this target buffer amount
- ☐ Divide by 12 to get the monthly amount to set aside

- Create a savings account (bank, M-Pesa, or arrangement with trusted person)

Step 5: Set up tracking (takes 20 minutes)

- □ Open Google Sheets or Notes app on your phone
- □ Create a table with columns: Date, Description, Category (Essential or Discretionary), Amount
- □ Add today's date and commit to recording every transaction
- □ Set a phone reminder for Sunday evening to review the week

Total time: 2 hours and 20 minutes. Do this once. Everything after this is maintenance.

USABLE ARTEFACT — WEEKLY SPENDING REVIEW (DO THIS EVERY SUNDAY)

Every Sunday evening (or your chosen review day), spend 10 minutes on this.

Income this week:

Total received: _____ TZS

From: _____

Essential spending this week:

Food: _____

Transport: _____

Rent/housing: _____

Work costs: _____

Other essentials: _____

Week total: _____

Month-to-date total: _____

Allocated for month: _____

Status (on track / high / low): _____

Discretionary spending this week:

Eating out: _____

Entertainment: _____

Social spending: _____

Other: _____

Week total: _____

Month-to-date total: _____

Allocated for month: _____

Status (on track / high / low): _____

Buffer account balance:

Current balance: _____ TZS

Target: _____ TZS

Status (building / stable / shrinking): _____

Decisions for next week:

One essential cost I will watch: _____

One discretionary item I will cut or reduce: _____

One discretionary item I will allow myself: _____

One worked example: three months in the life of a budget**Month 1 (Average income month: 2.25 million)**

Item	Amount (TZS)
Income received (two payments)	2.25 million
Buffer set aside (month 1 of 12)	39,000
Essentials allocated	234,000
Remaining for discretionary	1.977 million
Actual discretionary spending	1.8 million
Extra to savings	177,000
Buffer account end balance	39,000

Month 2 (High income month: 3.1 million)

Item	Amount (TZS)
Income received (three payments)	3.1 million
Buffer set aside (month 2 of 12)	39,000

Essentials allocated	234,000
Remaining for discretionary	2.827 million
Actual discretionary spending	1.2 million
Extra to savings	1.627 million
Buffer account end balance	78,000

Month 3 (Low income month: 1.2 million, and you knew it was coming)

Item	Amount (TZS)
Income received (one payment)	1.2 million
Buffer set aside (month 3 of 12)	39,000
Essentials allocated	234,000
Remaining for discretionary	927,000
Actual discretionary spending (cut 50%)	450,000
Extra to savings	477,000
Buffer account end balance	117,000

Notice: in the low month, you spent less discretionary money because you knew the month would be slow. You did not panic. You did not borrow. You did not cut essentials. The buffer did not have to be used. You are simply running the budget as designed.

Over three months, essentials were covered every single month. Discretionary spending was normal. Buffer grew from 0 to 117,000. This is what success looks like.

PROVENANCE & ATTRIBUTION

Portions of this material were AI-drafted and reviewed by a SmartNet editor before publication.