

# Top 14 public finance lessons

1. The budget is the most important policy statement.
2. Policies inform budgets, but never promise what is unaffordable.
3. Prepare for the lean years during the bountiful years<sup>1</sup>.
4. Credible budgets are the outcome of trade-offs.
5. Explore various financing options, beyond the traditional.
6. Irrespective of the financing options, someone always pays - the users or taxpayers<sup>2</sup>. Even donor funding has a cost.
7. “Good plans are always funded<sup>3</sup>”
  - But politics, administrative capability to implement, good costing, absorptive capacity, and affordability are all part of a good plan
8. Exploit your fiscal space, but extra revenue must lead to prioritization, good spending plans and effective implementation.

1. Joseph’s interpretation of the Pharaoh’s dream, Christian Bible  
2. Andrew Donaldson, DDG: Public Finance, National Treasury, RSA  
3. Trevor Manuel, Minister of Finance 1996-2009, RSA

# Top 14 public finance lessons, continued

8. Democracy requires broad consultation on financing options and budget decisions.
9. Pay attention to achieving value-for-money throughout the planning, budgeting and implementation cycle.
  - How much will it cost, can we do more with less, have we achieved our objectives, and have the pro-poor targets been met.
10. Measure the things that matter most.
11. Firmly negotiate with your donors to get them to use the local planning, budgeting, treasury and audit systems.
12. Transparency is a means to greater accountability – nothing more, nothing less.
13. Never reform to please your donors. Reform your systems if you genuinely believe it will improve functionality.
14. And finally, “public finance reforms matter when they change the lives of the people living in your village<sup>4</sup>”