



University of New Mexico

Public Finance Consortium Консорциум по изучению финансов Capabilities Statement

The primary purpose of the Public Finance Consortium is to increase knowledge and understanding within Kazakhstan of the critical importance of sound public revenue mechanisms for democratic self-governance.

The Public Finance Consortium is an international program of research, training, professional requalification, and publication in public administration. The Consortium is a partnership of American and Central Asia institutions of higher learning. The consortium promotes research, training and publication focusing on the financial regulation of the public sector. Areas of training, research, and publication include:

- Public Finance (Taxation and Public Borrowing, Expenditure and Debt Management)
- Public Sector Design (Government Design, Intergovernmental Relations)
- Public Service Delivery (Public Service Contracting, Licensing, and Franchising)
- Public Utility and Natural Resource Regulation (Air, Water, Power, Transport and Communication)
- Private Sector Facilitation (Privatization, Corporate Governance, Micro-finance)
- Trans-border Cooperation (Customs Regulation, Trade Promotion, and Investment Attraction)
- Governance and Probity (Procurement, Anti-corruption, Transparency, Disclosure, Ethics)

The PFC was established under the auspices of a grant from the College and University Partnership Program of the United States Information Agency (1998-2001).

PFC Research, Training, and Technical Assistance

- Public Finance (Taxation and Public Borrowing, Expenditure and Debt Management)

Formulation and execution of national and local (oblast) budgeting, including budget classification, program budgeting and performance review, and treasury functions. Systems, techniques and training of government accountants and auditors for controlling government receipts and disbursements, including journal structures, charts of accounts, instruction manuals, and introduction of accrual accounting. Research and training on taxation including policy, administration, compliance, and public education. Tax administration issues including registration, forms design and instructions, audit, collection, computerization and information management. Special emphasis on relationship between direct and indirect taxes, including property tax, value-added tax, and key-sector taxation such as energy, minerals, and metals. Taxation issues involved in trans-border transactions, taxation of insurance and financial services companies.

- Public Sector Design (Government Design, Intergovernmental Relations)

Optimality of public sector design, stressing public-private interactions and implications of recent research findings of public choice theory. Professional standards and training, compensation and benefits, and client-oriented, performance-based government service delivery. In the absence of fiscal federalism (Kazakhstan is a unitary system; oblast *akims* are appointed, not elected) comparative experience recommends new laws, regulations, policies, and arrangements for optimizing relations between national and oblast levels of government and for improving equity among subnational government entities of the same level, reallocation of expenditure responsibilities, delegation of revenue authorities, arrangements for revenue sharing and grant transfers, and developing own-source local government budget and revenue capabilities.

- Public Service Delivery (Public Service Contracting, Licensing, and Franchising)

Use of competitive tendering and contracting to foster competitive markets and achieve greater efficiencies. Establishing capacity for equitable bidding process, evaluating bids, contracting, contract performance monitoring, and outcome evaluation. Procedures for transparent licensing and franchising.

- Public Utility and Natural Resource Regulation (Air, Water, Power, Transport and Communication)

Legal and regulatory framework for the establishment of private corporations with public service mandates in air, water, power, transportation, communication, and other natural monopolies. Principles of corporate governance. Equity and efficiency in delivery of public services.

- Private Sector Facilitation (Privatization, Corporate Governance, Micro-finance)

Corporatization, transfer of state ownership to private entities, post-privatization restructuring, corporate governance, mechanisms of private sector facilitation. Targeted micro-finance to enhance velocity for purposes of both efficiency and equity.

- Trans-border Cooperation (Customs Regulation, Trade Promotion, and Investment Attraction)

Establishment of a favorable trade environment through adoption of a package of trade policy improvements in three categories: 1) Customs and Trans-border Arrangements; 2) Tax, Licensing, Insurance, and Freight; 3) Infrastructure and Tourism. Customs policies, laws and regulations, administration, including procedures and instructions, forms design, data processing and information management, collections and enforcement, management, training, professional development and compensation, and internal audit. Gains to bilateral trade are found when governments coordinate their policies with respect to border control, customs, trade documentation, taxation, shipping regulation, vehicle licensing, immigration, insurance and cargo bonding. Coordinated policy can also create a hospitable environment for associated infrastructure such as hotels, fuel facilities, restaurants, and public parks and national monuments. Physical infrastructure investment priorities to enhance trade capacity.

- Governance and Probity (Procurement, Anti-corruption, Transparency, Disclosure, Ethics)

Policies to implement internationally accepted standards of governance, going beyond formal restraints (legal sanctions against corrupt behavior) to include a package of policy modifications that focus on improvement in the way the public sector relates to private sector trading activity. Action program includes establishment of adequate compensation, meritocratic (competitive) appointment and promotion criteria, a system of regular professional training, the promulgation of a professional code of ethics, monitoring and sanctions against abuse of public office, and increased attention to public relations. Professional training and redevelopment to promote the incorporation of modern Management Information Systems (MIS) and Human Resources (HR) into policy making.