



DIVERSIFYING FINANCE AND STRENGTHENING RISK BASED AUDIT FOR LOCAL PUBLIC EXPENDITURE IN UZBEKISTAN

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ABSTRACT	KEY WORDS
Financing diversification can widen the resources available for public services while creating future fiscal commitments that annual expenditure figures fail to reveal. This article develops an integrated framework for local public expenditure in Uzbekistan, linking the choice of financing sources to fiscal risk disclosure, internal control and independent audit. Documentary policy analysis combines official mortgage financing statistics, legal instruments and international governance frameworks with reported findings from the underlying research material. In 2025, the Uzbekistan Mortgage Refinancing Company supported approximately 9,000 borrowers through UZS 2.2 trillion in mortgage lending; reported resource mobilisation included USD 63 million from international financial institutions and UZS 600 billion from the domestic capital market. Calculations distinguish source concentration from financing cost and direct budget contributions from the present value of future public obligations. The proposed control architecture assigns transaction responsibility to management and independent assurance to internal audit, using shared project identifiers, digital alerts and verified citizen signals. A reported 17.8 percent improvement in expenditure efficiency during 2022–2023 is retained as a documentary claim because its calculation method is unavailable. The framework provides an operational basis for assessing financing choices and audit priorities; measured local budget savings and causal effects remain to be tested.	Local public expenditure; financing diversification; fiscal risk; mortgage refinancing; internal audit; digital audit trail; Uzbekistan.

Introduction

Local governments need reliable financing to maintain essential services, support vulnerable households and deliver infrastructure. Dependence on direct budget resources can make these responsibilities harder to fulfil when revenues weaken or new expenditure commitments arise. Alternative financing through financial institutions, capital markets and private participation can extend available maturities and distribute funding requirements. However, public authorities remain responsible for assessing the obligations attached to those resources and the services they finance.

The immediate budget contribution provides an incomplete account of the economic consequences of a financing decision. A privately financed project may require guaranteed future payments, tariff compensation or revenue support. A loan with a low nominal interest rate may expose a public entity to exchange rate movements or refinancing at an unfavourable time. Financing arrangements therefore need to be evaluated alongside their control requirements. Diversification changes the information needed to govern expenditure, including contractual liabilities, repayment sources, asset quality and service outcomes.

Uzbekistan offers a useful institutional case. Mortgage refinancing combines international and domestic financing channels, while reforms in public financial control emphasise prevention, remote monitoring and internal audit. These developments concern different organisational settings, but they share a decision problem: how can public resources support social objectives without leaving future obligations or weaknesses in delivery outside the budget assessment? National housing finance is used here to illustrate the financing mechanism. Its relevance to local expenditure lies in the potential allocation of public resources to targeted subsidies, infrastructure and social services; the case does not establish that mortgage loans are financed directly from local budgets.

International policy frameworks clarify the controls required for this approach. The IMF analysis of public–private partnerships in Uzbekistan highlights the importance of accounting for long term fiscal commitments when projects are selected (Dwight, 2025). The Institute of Internal Auditors distinguishes management responsibility for operations and risk from the independent assurance provided by internal audit (IIA, 2020). OECD analysis connects effective public sector audit with practical coverage of significant risk areas (OECD, 2025). Together, these sources support an assessment that extends beyond funds raised or irregularities recovered.

The article asks how financing diversification and financial control can be combined in a coherent framework for local public expenditure. It examines the mortgage refinancing example, specifies indicators for financing composition and fiscal exposure, and develops a control architecture linking managerial responsibility, audit priorities and citizen feedback. The contribution is an applied governance framework that makes financing choices and their associated risks jointly reviewable. It does not estimate the causal effect of the reforms or assume that access to additional funds automatically improves expenditure efficiency.

Materials and Methods

The study uses documentary policy analysis and an institutional case study. The analytical unit is the financing and control arrangement associated with a public programme or project. Section 3.3 of the underlying research manuscript supplies the substantive proposals, numerical observations and formulas (Research material, n.d.). Its material is reorganised into a standalone article and checked against primary sources where these are publicly available. The source selection is purposive, covering mortgage resource mobilisation, the legal basis for control and securitisation, and frameworks directly relevant to institutional responsibilities and fiscal risk.

Three evidence categories are kept separate. First, publicly available information includes the Ministry of Economy and Finance report on the 2025 mortgage and subsidy programmes, Presidential Resolution PQ-128 of 14 February 2022, the temporary mortgage bond regulation registered in November 2025, and the IMF, IIA and OECD publications. Second, the manuscript cites Senate Committee Information Note No. 05/2489 of 23 September 2026. The original note was not

independently examined; its reported capital and audit results are therefore treated as secondary documentary claims. Third, the fiscal risk record, audit score and implementation roadmap are analytical proposals developed from the supplied material.

The analysis follows four steps. Financing channels are classified by economic function, maturity and exposure to public obligations. Reported amounts are reconciled within their stated currencies and periods. The source formulas are specified with explicit denominators, valuation boundaries and interpretation limits. Finally, institutional roles and data flows are mapped into editable schematics, and implementation requirements are summarised in comparable tables. This procedure preserves the source calculations while clarifying where additional information would be necessary for an empirical application.

USD and Uzbek soum amounts are not aggregated without a common exchange rate and valuation date. Capital stock, annual funding mobilisation and mortgage loan disbursement are also kept distinct. Shares are calculated only within the USD 63 million international financing subtotal, where the three amounts have a common reporting basis. No numerical weighted financing cost or adjusted fiscal burden is estimated because the required contract costs, exchange rate exposures and future liability schedules are unavailable.

The study uses no household microdata, local government panel or comparison group. Accordingly, the results establish documented financing amounts and a proposed decision framework rather than measured local expenditure savings. Audit performance claims are assessed for evidential scope, not recalculated from missing baseline information. The proposed risk score requires calibration before operational use, and the implementation stages represent a research recommendation rather than an adopted government programme.

Results

Mortgage refinancing and the scope of fiscal relevance

The 2025 mortgage report documents the use of both international and domestic resource channels. Table 1 preserves the reported values and gives the calculated shares within the international subtotal. The amounts indicate a financing structure involving more than one institutional source, while the lending figure describes supported mortgage activity rather than the precise allocation of each funding inflow (Ministry of Economy and Finance, 2026).

Table 1. Reported mortgage activity and resource mobilisation in 2025

Measure or source	Reported amount	Share of IFI subtotal
Mortgage borrowers supported	Approximately 9,000	Not applicable
Mortgage lending supported	UZS 2.2 trillion	Not applicable
Asian Development Bank	USD 30 million	47.62%
International Finance Corporation	USD 20 million	31.75%
European Bank for Reconstruction and Development	USD 13 million	20.63%
Total international financial institutions	USD 63 million	100.00%
Domestic capital market mobilisation	UZS 600 billion	Not applicable

Source: Ministry of Economy and Finance (2026). IFI = international financial institution. Percentage shares are calculated as each IFI amount divided by USD 63 million; they do not describe total company financing.

$$30 + 20 + 13 = 63 \text{ million USD}$$

The underlying manuscript also associates the financing proposal with an increase in the company's authorised capital to the equivalent of USD 100 million and the use of mortgage bond proceeds as a resource for commercial bank lending. This is retained as a statement reported from the September 2026 Senate note, without treating it as an independently verified balance sheet observation or adding it to the annual flows in Table 1 (Senate Committee, 2026, as reported in Research material, n.d.).

The temporary regulation registered as No. 3700 on 11 November 2025, effective from 13 November 2025, provides an institutional route for mortgage bond issuance under a regulatory sandbox. It envisages a mortgage agent established by the refinancing company and a mortgage loan pool supporting the bonds (National Agency of Perspective Projects, 2025). This creates an additional financing mechanism; the existence of the regulation alone does not establish the volume issued or the fiscal savings achieved.

Figure 1 separates the mobilisation of resources from public policy support. The fiscal relevance is conditional: replacing some direct public financing of mortgage resources may allow budget appropriations to focus on targeted subsidies and other priorities. This requires an actual reduction in relevant public commitments and a productive allocation of any resources released. No regional saving is inferred from the national lending totals.

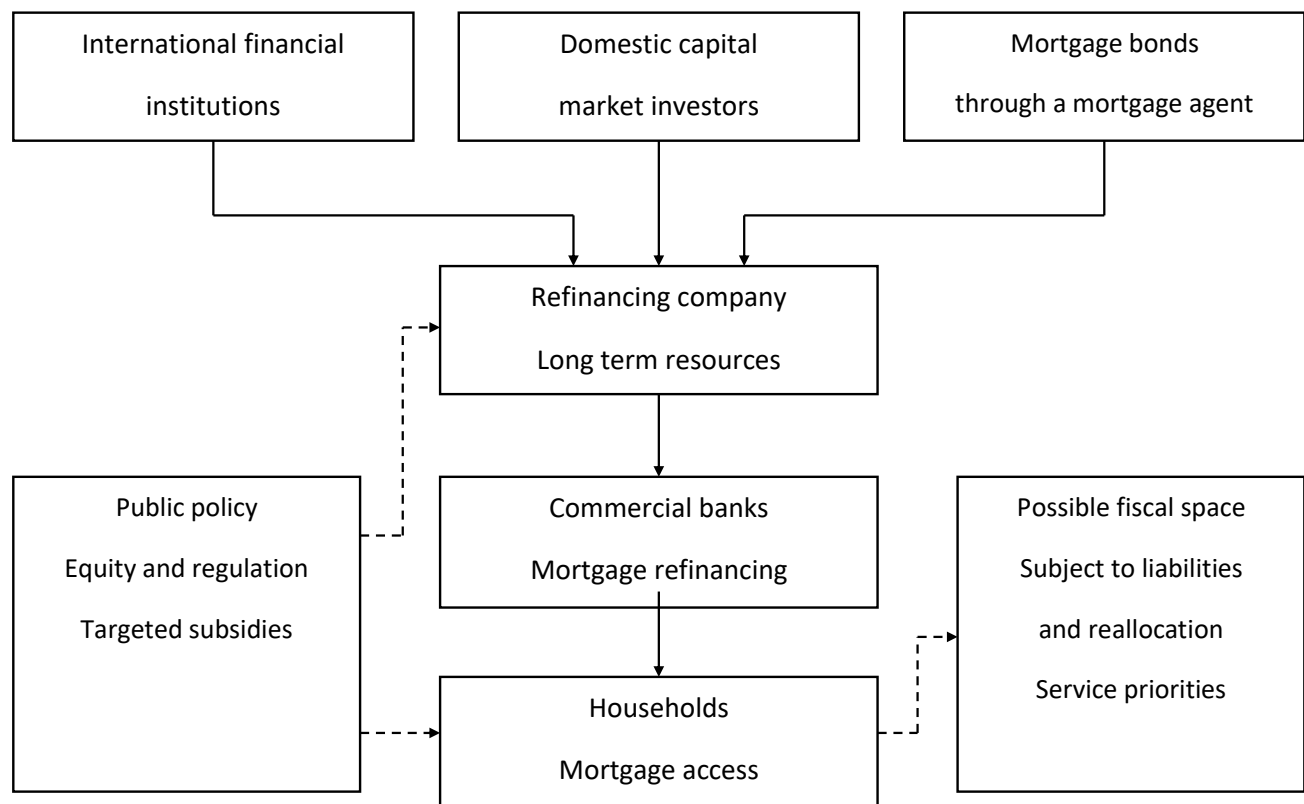


Figure 1. Mortgage financing channels and their conditional fiscal implications

Source: author's schematic based on the research material and the 2025 institutional case. Solid arrows show resource or lending channels; dashed arrows show policy support and a conditional fiscal implication. Capital market and mortgage bond categories can overlap.

Financing composition and the full cost of public commitments

Table 2 compares the main financing options. Their suitability depends on the financed activity, legal authority and ability to manage the resulting obligations. Social services without a dependable repayment stream continue to require budget support. Market finance is more appropriate where funding costs and repayment obligations can be sustained without undermining access for the intended beneficiaries.

Table 2. Economic characteristics of alternative financing sources

Source	Potential use or benefit	Principal exposure
Budget resources and subsidies	Targeted support and components without a viable market funding model	Recurring fiscal burden and opportunity cost
International financial institutions	Long term resources and institutional or technical support	Currency mismatch and contractual conditions
Domestic capital markets	Long term investment from domestic savers; local currency funding where available	Interest rates, liquidity and investor demand
Mortgage bonds and securitisation	Funding linked to a standardised mortgage portfolio	Loan pool quality and investor confidence
Commercial bank resources	Existing distribution channels and cofinancing	Funding maturities shorter than mortgage assets
Private capital and public-private partnerships	Infrastructure investment and management expertise	Future public payments, guarantees and renegotiation

Source: author's synthesis of the underlying research material. Categories describe financing functions and may overlap; they must be made mutually exclusive before calculating portfolio shares.

For a portfolio with m mutually exclusive sources, financing diversification is represented by the complement of a concentration index:

$$D = 1 - \sum_{j=1}^m s_j^2 \quad (1)$$

Here, s_j denotes the share of source j , measured on a common currency, date and portfolio basis, with non-negative shares summing to one. The index equals zero for a single source and reaches $1 - 1/m$ when all m shares are equal. It measures the distribution of resources across the chosen categories. Sources exposed to the same interest rate, currency or refinancing shock may remain economically correlated even when D increases.

Within the international subtotal in Table 1, the reported proportions yield $D_{IFI} = 1 - [(30/63)^2 + (20/63)^2 + (13/63)^2] = 0.6299$. This is a counterparty diversification calculation for the three reported IFI inflows, whose equal-share maximum is 0.6667. It cannot be interpreted as the diversification index

of the company's entire funding portfolio or as a measure of its total risk. A portfolio calculation would require comparable domestic amounts, liabilities and a non-overlapping classification.

The weighted average cost of financing is retained as a complementary indicator:

$$WACF = \sum_{j=1}^m (s_j \times c_j) \quad (2)$$

The effective cost c_j includes interest, commissions, issuance expenses, currency hedging and other transaction costs. Costs must be converted to a comparable annual basis for the same financing horizon. A USD reporting amount does not, by itself, establish the contractual currency of an IFI liability. Currency assessment therefore requires the actual denomination, the currency of project revenues and any protection against exchange rate movements. Local currency financing can reduce a mismatch where revenues are also in soum, although liquidity and interest rate risks remain.

A financing decision should first establish the service need and target group, then compare life cycle costs, and finally test fiscal exposure under adverse conditions. Maturity should match the financed asset or loan portfolio; guarantees and subsidies should be disclosed and subject to appropriate limits. Market development and an auditable record of financial flows also matter. The lowest nominal rate is insufficient if repayment risk or public support obligations raise the effective cost. For public-private partnerships, value for money assessment should include future contractual payments and contingent commitments, consistent with the IMF's analysis of Uzbekistan (Dwight, 2025).

The direct budget contribution can be expressed as:

$$K_B = \frac{B}{F} \times 100 \quad (3)$$

B is the direct budget contribution and F is total financing for the same project or programme boundary, measured at the same valuation date with $F > 0$. The ratio indicates the share financed directly from public resources. A decline may reflect genuine substitution, but it can also coexist with future support commitments. The source therefore proposes an adjusted fiscal burden indicator:

$$K_B^* = \frac{B + PV(CL)}{F} \times 100 \quad (4)$$

PV(CL) is the present value of future guaranteed and contingent public obligations additional to B. Certain contractual payments require discounted cash flow schedules; contingent payments require disclosed scenarios or probability assumptions. Costs already included in B must be excluded from PV(CL) to prevent double counting. Annual budget spending cannot be combined with lifetime liabilities unless the valuation boundary is aligned. Unlike the direct financing share, the adjusted indicator is a burden relative to financing and can exceed 100 percent.

A privately funded project with a small initial budget contribution can consequently have a substantial adjusted burden if government guarantees minimum revenues or compensates tariffs. Conversely, a direct subsidy with a clear ceiling and measurable social benefits may be more transparent than a financing arrangement that moves public payments into later years. Numerical values for Equations (2)–(4) are not reported because the source does not supply the necessary costs and liability schedules. Their contribution is to define the information required for a defensible comparison.

A fiscal risk record linking finance to service outcomes

The proposed fiscal risk record brings financing and control information together at project level. Table 3 preserves the seven blocks specified in the underlying material. The record would connect treasury, debt and investment information through a common project identifier, while retaining the provenance

of each value and the entity responsible for updating it. It should reuse existing data rather than require repeated manual submissions to separate registers.

Table 3. Proposed project fiscal risk record

Block	Required information	Decision or control purpose
Funding source	Budget, IFI, bank, bond or private capital; legal status	Identify concentration and authority to use the instrument
Cash flows	Amount, contractual currency, rate and maturity	Assess liquidity, interest and currency exposures
Public obligations	Guarantees, subsidies, minimum revenue commitments and other support	Disclose direct and contingent fiscal liabilities
Asset and outcome	Financed asset or service, beneficiaries and output measures	Link funding to physical delivery and social results
Repayment source	Budget, tariff, loan portfolio or project revenues	Assess debt service sustainability
Control trail	Approval, contract, payment, monitoring and audit records	Establish accountability and traceable evidence
Stress scenarios	Interest rate, exchange rate, revenue and demand shocks	Identify exposures before commitments are approved

Source: author's proposal based on the research material. A project identifier links the record to existing systems; access and disclosure follow the applicable legal rules.

The record makes the public component of alternative financing visible before commitment and throughout implementation. Guaranteed future payments should inform the medium term budget assessment. Internal audit would examine whether financing alternatives were evaluated, liabilities were disclosed and outcomes were measured against contractual requirements. Management remains responsible for selecting and operating the financing arrangement. Audit findings can then inform whether a programme should retain its model, adjust its risk allocation or redirect future budget support.

Management controls and independent audit responsibilities

Presidential Resolution PQ-128 of 14 February 2022 established expenditure efficiency, prevention of budget law violations and expansion of remote financial control as reform priorities (President of Uzbekistan, 2022). The institutional proposal in this article builds on that direction while separating daily control from independent assurance. Internal control comprises managerial actions such as segregation of duties, authorisation, expenditure limits and checks on procurement and payment records. Internal audit evaluates whether those arrangements are appropriate and operate as intended. Figure 2 presents the three roles concurrently. Operational managers own expenditure decisions and their results. Finance, risk and compliance specialists provide expertise, monitoring and challenge within management. Internal audit reports independent assessments to the responsible governing body. The schematic follows the role distinction of the IIA model and does not represent a sequential approval

chain (IIA, 2020). External assurance remains outside the three internal roles; citizen participation supplies information and accountability signals rather than professional audit assurance.

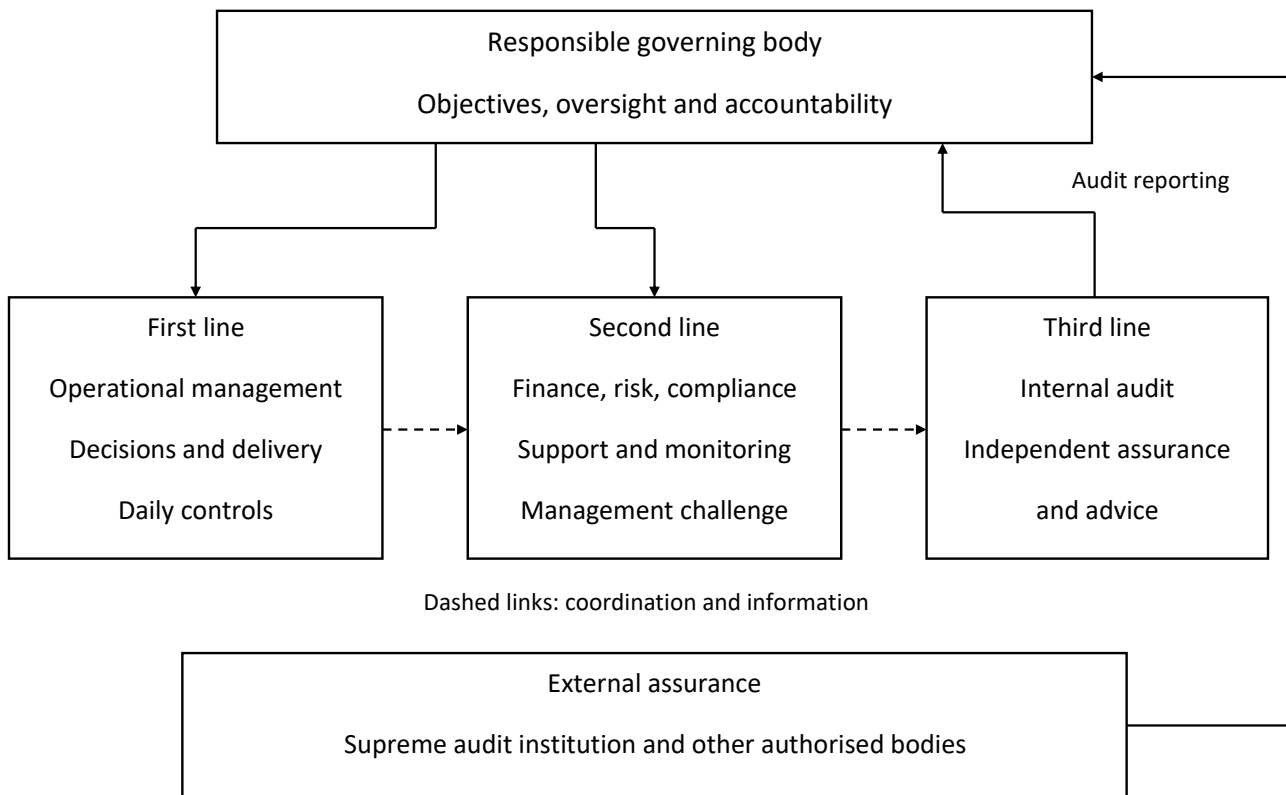


Figure 2. Concurrent control roles and independent assurance

Source: author's adaptation of IIA (2020) to public expenditure governance. First and second lines are management roles. The third line retains independence from the activities it evaluates; the applicable national reporting mandate determines the responsible governing body.

The source proposes a simple audit priority score:

$$R_i = P_i \times I_i \times (1 + C_i) \quad (5)$$

P_i represents assessed likelihood, I_i the financial and service impact, and C_i weakness in existing controls; a larger C_i indicates greater weakness. Standardised scales and documented evidence would be required before scoring. Where likelihood is rated on an ordinal scale, the result is a ranking tool rather than a quantified probability or monetary expected loss. The formula is proposed for prioritisation and has not been fitted or validated against observed audit outcomes.

The indicators retained from the source include expenditure magnitude and budget share, persistent deviations between plans and actual execution, supplier concentration, delayed contracts, repeated prior findings, poor results despite high spending, and digital anomalies such as duplicate payments or unusual timing. Expenditure volume enters the impact assessment but does not determine priority by itself. Small benefit payments affecting many households or a critical information system can merit high attention because service disruption is substantial.

Remote analysis would link treasury, procurement, payroll and asset data to identify transactions requiring closer examination. Useful signals include energy consumption outliers among comparable facilities, prices above relevant benchmarks, concentrations of spending at year end, idle assets and

full financial execution without the planned output. Alerts require contextual verification. Legitimate variations in service intensity, contract timing or permitted advances must be considered before a finding is issued or an operation is blocked.

Table 4 preserves the source's audit performance measures. Closure and repeat findings assess corrective responses, while coverage describes resource use. Prevented expenditure requires counterfactual evidence; subsequent service changes do not establish causation. Effective audit also depends on actual coverage of significant risks (OECD, 2025).

Table 4. Proposed indicators for monitoring internal audit performance

Indicator	Calculation or measurement	Interpretation
Recommendations implemented	Implemented / total recommendations × 100	Verify substantive closure
Repeated findings	Repeated / total findings × 100	Use comparable finding categories
High risk coverage	High risk objects audited / all high risk objects × 100	Assess coverage of audit priorities
Prevented expenditure	Estimated unnecessary future expenditure avoided	Document counterfactual and assumptions
Response time	Mean interval from audit to recommendations	Assess timeliness and evidence quality
Service or unit cost change	Change in outcome or unit cost after audit	Distinguish change from causal impact
Digital coverage	Automatically analysed / relevant operations × 100	Check completeness and alert quality

Source: measures retained from the underlying research material. Ratios require defined reporting periods, cohorts and non-zero denominators. Recommendation deadlines should be reported alongside the implementation ratio.

The research manuscript reports that internal audit activities increased State Budget expenditure efficiency by 17.8 percent during 2022–2023, citing the September 2026 Senate note. The baseline, definition of efficiency, underlying observations and calculation method are not provided. The figure is preserved as a reported implementation result, without re-estimation, causal attribution or extrapolation to every local budget (Senate Committee, 2026, as reported in Research material, n.d.). For smaller local organisations, the source recommends shared district or city audit services, provincial methodological support and a dedicated function in large entities with substantial risks. Such pooling can concentrate professional capacity, subject to a legal mandate and clear functional reporting arrangements. Its efficiency would depend on workload, travel requirements and access to records. Independence requires an arrangement that enables auditors to raise findings without relying on the approval of the manager whose activities they assess.

Digital evidence and verified citizen participation

A common identifier for each programme, project and asset is the technical basis of the proposed audit trail. It connects the budget objective and financing record to the contract, supplier, treasury payment, acceptance evidence and observed service output. Managers would embed authorisation and consistency checks in this process. Payments would be linked to delivery evidence where required by the contract and law, with permitted advance payments handled explicitly. Internal audit would test the design and operation of these controls and investigate selected high risk signals.

The citizen participation mechanism reported in the underlying manuscript is interpreted as a channel for risk information. A complaint about an unfinished facility, poor construction or an unavailable service becomes useful when it can be linked to a project location, contract, payment or physical evidence. Repeated complaints can inform prioritisation, but complaint frequency alone establishes neither a financial violation nor the accuracy of an allegation. Auditors verify the information before choosing remote review, a site visit or continued monitoring.

Figure 3 joins the transaction record and citizen channel without merging their evidential status. A validated signal enters professional assessment; a verified finding leads to corrective action and, where appropriate, changes in subsequent budgeting. The public feedback channel reports the status of the submission and authorised conclusions. Confidentiality, access rights and protection of personal information should be built into the process so that unverified accusations are not published as findings.

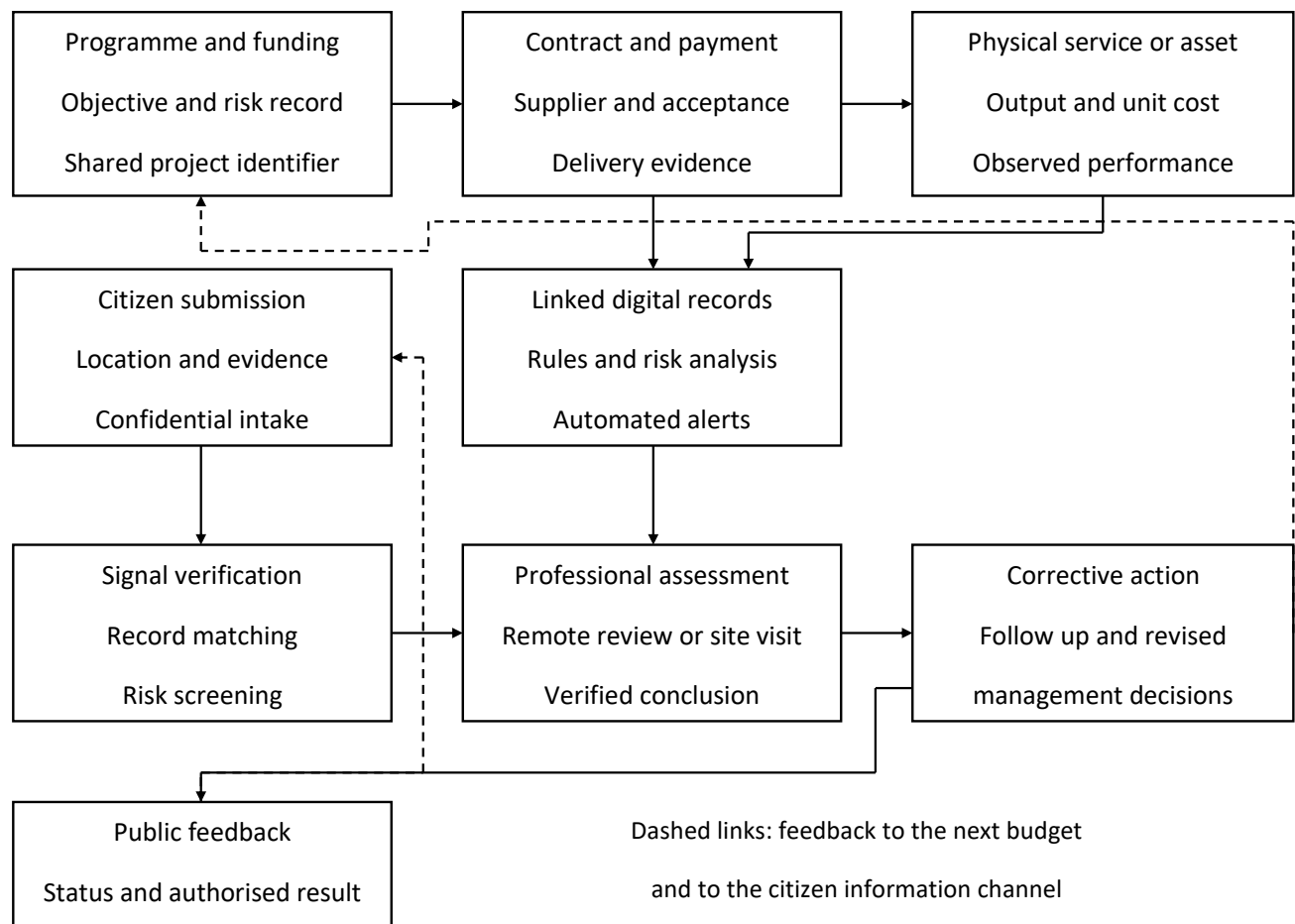


Figure 3. Digital audit evidence and the citizen feedback loop

Source: author's schematic integrating the digital audit trail and citizen signal mechanism in the research material. Records and alerts inform professional judgement; citizen submissions become evidence only after verification.

This arrangement also helps distinguish preventive management checks from audit interventions. Audit may advise on the design of digital rules, but routine transaction approvals remain with authorised management personnel. Shared evidence can reduce repeated requests for the same records, provided that completeness, access controls and record provenance are reliable. The intended outcome is earlier detection of risks and a stronger connection between spending and delivery, rather than a larger number of alerts alone.

A proposed implementation sequence for 2026 to 2030

The roadmap in Table 5 retains the source's 2026–2030 sequence. It begins with identifying existing financing flows and commitments, because audit scoring and digital monitoring cannot compensate for liabilities that have not entered the records. Pilots would then test the audit model before integration and participation mechanisms are expanded. Each stage is a proposed institutional development step, not a statement that the measures have already been adopted or completed.

Table 5. Proposed implementation roadmap

Year	Priority action	Expected institutional output
2026	Inventory alternative financing, guarantees, subsidies and contingent commitments	Common fiscal risk register and project record methodology
2027	Pilot risk based audit for selected local expenditure and projects	Calibrated scoring rules, remote alerts and review procedures
2028	Link budget, procurement, payment, asset and outcome identifiers	Continuous audit trail across existing systems
2029	Integrate verified citizen submissions with professional assessment	Documented risk signals and accessible status feedback
2030	Use audit findings and service outcomes in financing and budget decisions	A functioning cycle of review, correction and resource allocation

Source: author's proposed roadmap based on the underlying research material. The dates indicate a recommended sequence and require adaptation to institutional capacity and applicable mandates.

Implementation depends on complete liability information, auditors with sufficient competence and independence, and a budget process able to act on findings. A register that remains disconnected from appropriation decisions would document risk without changing exposure. An audit report without follow up would similarly leave its potential benefit unrealised. The final stage therefore requires evidence that recommendations influence financing terms, expenditure priorities or service delivery arrangements.

Discussion

The combined framework changes the basis on which alternative finance is judged. The amount mobilised is relevant, but its value depends on effective cost, repayment capacity and the liabilities retained by the public sector. The mortgage case demonstrates the presence of international and

domestic resource channels. It does not establish that additional finance reduced aggregate government spending or produced a particular improvement in local services. The national to local relationship is a policy transmission mechanism: potential relief in one funding channel can support other priorities if the relevant budget authority actually reallocates resources and manages its residual commitments.

This qualification matters for distributional objectives. Targeted subsidies may remain necessary for households unable to access market credit on affordable terms. An arrangement that reduces the current budget share by excluding these groups would fail the social objective even if the financing ratios improved. Similar considerations apply to infrastructure: tariffs capable of covering debt service may be inconsistent with affordability unless a transparent support mechanism is included in the fiscal assessment. The appropriate financing mix consequently depends on the service and beneficiary group, rather than on a universal preference for market funding.

The proposed indicators have distinct functions. D describes concentration, WACF summarises comparable financing costs, and the two budget burden indicators describe direct contributions and additional future exposure. None is a complete measure of value for money. More balanced source shares can conceal correlated risks; a low financing cost can coexist with poor asset quality; and a lower direct budget share can accompany higher guarantees. Decisions should therefore use the indicators alongside service outcomes and stress scenarios. The project fiscal risk record provides the information needed to make those comparisons visible to management and audit.

There are practical limits to the adjusted burden ratio. Future public payments depend on contractual terms, discount assumptions and the conditions under which guarantees are called. Expected liability estimates can change sharply when demand or exchange rates move. Both a central valuation and adverse scenarios would be needed, with assumptions disclosed consistently. The ratio also cannot substitute for liquidity analysis: a manageable present value may still conceal a large payment concentrated in a single budget year. A full application should connect the project assessment to the medium term expenditure and debt service schedules.

Audit independence is equally consequential. Involving auditors in the approval of individual payments could improve their immediate access to information while weakening their ability to evaluate the same process objectively. The three role schematic therefore keeps decision ownership within management and places independent assurance under an appropriate governing mandate. Pooling audit resources for small organisations is a plausible capacity response, but its benefits require sufficient access, professional standards and protection against managerial interference. The design should also account for workload and the time needed to verify physical outputs.

Digital integration reduces uncertainty only when the underlying records are reliable. A shared identifier cannot resolve missing delivery evidence or inconsistent definitions by itself. Controls over data entry, revisions, access and retention are part of the financial control system. Alert rules should be assessed against false positives, missed risks and the effort required for follow up. Automated scrutiny of a large share of transactions can otherwise increase workload without improving the quality of decisions. Citizen information can reveal service problems that administrative records overlook, but verification and feedback remain necessary to sustain a useful channel.

The study's principal limitation is the absence of project level liability schedules and comparable local budget outcomes. The reported 17.8 percent efficiency improvement lacks a disclosed baseline and cannot support a causal estimate. Further empirical work should apply the indicators to clearly defined projects, document recommendation implementation and follow service outcomes over time. Where

feasible, phased introduction could permit comparison between similar participating and non-participating organisations, while accounting for differences in initial risk and capacity. Such evidence would test whether the proposed architecture improves fiscal exposure, unit costs and service continuity in practice.

Conclusion

Financing diversification and financial control should be assessed within the same public expenditure decision. The 2025 mortgage refinancing case provides documented evidence of multiple funding channels, while the proposed framework specifies how their costs, risks and public commitments can be examined. Its fiscal relevance to local expenditure is conditional on the liabilities retained by government and the use of any public resources released.

The framework preserves the source's diversification index, weighted financing cost, direct and adjusted budget burden indicators, and audit priority score. A project fiscal risk record links these measures to repayment obligations and service outcomes. Concurrent management and audit roles, a common digital identifier and verified citizen signals provide the institutional basis for review and correction. The 2026–2030 roadmap offers a staged implementation proposal. The available evidence supports this governance design, while measured local budget savings and the causal impact of audit remain subjects for empirical validation.

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