IMPLICATIONS OF FOREIGN STATE AUDIT AND FINANCIAL MANAGEMENT MODELS FOR UZBEKISTAN

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Abstract

This thesis examines which elements of foreign state financial control can be applied in Uzbekistan and under what conditions. Four cases are compared: the UK National Audit Office, South Korea's dBrain system, Sweden's medium-term expenditure framework (MTEF) and Indonesia's thematic performance audit. The results show that selective and sequenced adaptation works better than full replication, and the thesis proposes a set of measures for Uzbekistan's state audit reform.

Keywords: *state financial control, supreme audit institution, transferability, MTEF, dBrain, performance audit, Uzbekistan.*

1. Introduction

Reforms of public financial management in developing countries often borrow models from abroad or from international donors. Experience shows that such borrowing succeeds only when a model fits the receiving country's legal framework, institutions and administrative capacity. Otherwise the result is an institutional misfit: systems that are installed but underused, or standards that are adopted formally but never applied in practice. For Uzbekistan, which is modernizing its state audit and financial control system, the practical question is therefore not whether foreign experience is useful, but which parts of it can be transferred and what must be in place first.

The existing literature describes individual models in detail, but it rarely tests how far they can be transferred to countries of the former Soviet Union and Central Asia. It also says little about how the independence of a supreme audit institution (SAI) built on the parliamentary Westminster model can be applied in a presidential system such as Uzbekistan's. This thesis addresses that gap. Its hypothesis is that each foreign model offers specific lessons for Uzbekistan, but none can be copied unchanged.

2. Methodology

The study uses comparative cross-country analysis, content analysis of academic and official sources, a transferability assessment and an institutional approach that treats each model as a whole system rather than a set of technical tools. Countries were selected because their models are documented in peer-reviewed research, because they address a specific reform gap found in the 2024 PEFA assessment of Uzbekistan, and because they differ in geography and institutional design. The sources cover 2007–2025 and include peer-reviewed articles, official reports and Uzbekistan's legal acts. The study has three limitations: it uses no primary fieldwork, the country selection is based on relevance rather than completeness, and the transferability assessment involves the author's own judgment.

3. Results: lessons from four models

United Kingdom: measurable independence. An analysis of 7,504 reports of the National Audit Office (NAO) from 1999 to 2021 found that the volume of performance audits did not change significantly after changes of government or during major crises such as Brexit and COVID-19. This suggests that the NAO's independence is real and not merely formal, and, importantly, that it can be measured. The same study also found that after 2010 audit attention shifted from performance to financial audit under budget pressure. Uzbekistan's SAI now has five audit types (financial, compliance, performance, strategic and IT), but its independence has not yet been measured empirically. The UK's parliamentary reporting line does not suit a presidential system. What can be transferred is the measurable independence standard and legal and budgetary safeguards that keep performance audit a distinct function.

South Korea: modular digital integration. Korea developed its integrated financial management system, dBrain, over several generations, starting with a three-year preparation period during which legislation and technology were developed together. The system was built with local technology rather than packaged software, which allowed the government to adjust it over time. Research on recipient countries recommends a modular path: begin with the treasury single account and payment processing, then add budget, accounting and performance modules as capacity grows. Technical support is needed for five to seven years, much longer than the one or two years usually offered by donors. For Uzbekistan, the main lesson is gradual expansion rather than a single large-scale launch.

Sweden: sequenced medium-term planning. Sweden introduced its MTEF in the 1990s after a severe banking crisis. Its success rests on strong political support, binding expenditure ceilings for three years that are reviewed twice a year, and a

clear separation between macroeconomic forecasting and political spending decisions. Uzbekistan received its lowest rating (D) for medium-term budgeting (indicator PI-16) in PEFA 2024, and only about 27.6% of ministries include multi-annual strategies in their budgets. Following the Swedish example, Uzbekistan could begin with indicative multi-year ceilings and move to binding ones as institutional capacity and data quality improve.

Indonesia: thematic audit and follow-up. Indonesia's Audit Board (BPK) is institutionally the closest comparison. It links its thematic performance audits to the national medium-term development plan, so audit results become relevant to national policy. Thematic audits reached about 72.66% of all performance audits in 2018. Implementation of audit recommendations by audited bodies is around 62%, which BPK tries to improve through monitoring mechanisms and public involvement. BPK also uses digital tools such as big data analytics and artificial intelligence, which parallels Uzbekistan's own investment in digital audit.

The table below summarizes the main lessons and the corresponding reform gaps.

Model	**Transferable lesson**	**Uzbekistan gap addressed**
UK NAO	Measurable independence; protected performance audit	Independence not yet measured
South Korea (dBrain)	Modular, phased digital integration with long-term support	Digital integration of financial management
Sweden (MTEF)	Indicative, then binding, three-year ceilings	Weak multi-year budgeting (PI-16: D)
Indonesia (BPK)	Thematic audits aligned with national plans; follow-up monitoring	Recommendation follow-up and public oversight

4. Conclusions and proposals

The comparison supports the hypothesis: foreign models give Uzbekistan useful lessons, but only through contextual adaptation. Despite differences in political systems and levels of development, successful cases share three conditions: sustained political commitment, correct sequencing of reforms and a long-term effort of five to seven years to build institutional capacity.

Based on these findings, the thesis proposes a portfolio approach for Uzbekistan: (1) introduce a quantitative system for monitoring how independent the SAI is and what its audit portfolio looks like of its audits, following the NAO; (2) implement digital integration in modules over about five years, starting with the

treasury and monitoring of budget execution, then adding performance evaluation and analytics; (3) require multi-year strategic plans from line ministries and introduce binding three-year expenditure ceilings, following the Swedish sequence; (4) publish an annual statement of fiscal risks covering contingent liabilities, state-owned enterprises and regional imbalances; and (5) create a public online dashboard that tracks the implementation of SAI recommendations, with a target of implementing over 80% of recommendations in three years, as Indonesia's experience suggests.

Foreign experience is therefore a valuable resource for Uzbekistan's reform process, provided that reforms start from the country's own needs and capacities and are supported by political commitment across several budget cycles.

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