**A.A. Piskunov. Presentation of the «White Paper» structure**

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The 3rd Meeting of the INTOSAI Working Group on KNI**

Dear colleagues!

Over the 3 years of the Working Group activity comprehensive analytical materials on the development and use of key national indicators have been prepared within the framework of subprojects. Now we need to systematize the acquired information and to develop recommendations for SAIs. For this purpose and in line with the Terms of Reference we need to prepare the White Paper on development and use of KNI that would be presented at the XX Congress of INTOSAI in November 2010 as the key outcome of our work for the three years period.

The format of the White Paper, as you remember, was chosen because it allows not only to systemize the information needed for reasonable solution of such a difficult and complex task as the development and use of KNI, but also to offer appropriate recommendations.

Today we need to discuss and approve the White Paper structure. First of all, I’d like to present you the list of materials prepared by the Working Group members and suggested to be a basis for our recommendations:

1. Principles for SAIs application of key national indicators;
2. KNI: Guide to terms and concepts;
3. Review of international experience in development and use of KNI;
4. Analysis of international organizations experience in progress measurement;
5. Review of the Pilot project in the field of key national indicators describing the processes of knowledge-based economy and society;
6. Guidelines for the use of key national indicators in Performance audit in the CIS member-states;
7. Bibliography on key national indicators.

In view of the presented materials, the following structure of the White Paper can be suggested:

* Summary
* Introduction
* Problem overview
* Recommendations
* Bibliography
* Conclusion
* Annexes

I’d like to give a very brief description of each section.

1. **Summary** should contain brief information on key items concerning the most important issues.

2. The**Introduction** section should deal with the issues and trends relevant to this area on a large scale, as well as define the topicality of this material.

3. The suggestion is that the **Problem overview** section should contain three subsections:

a. Firstly, it should include materials on **countries experience** in development and use of KNI based on the Survey prepared by the SAI of Latvia. As you remember, in order to get a general view of the performance management methods and existing national systems of indicators, a survey was conducted among INTOSAI members. This survey allowed finding out nation-specific features in development and use of KNI systems, which is a very important source of information in terms of SAIs use of KNI.

b. Secondly, taking into consideration that one of peculiar aspects of the current stage of development is an active position of international bodies in progress evaluation both at national and global level, it’s important that this section of the White Paper should include data on **experience of international organizations** in this area. Despite the fact that international bodies are guided by specific missions and authorities in forming the assessment system and methodology of international comparisons, their efforts (as our cooperation with the OECD proves) are quite relevant in terms of methodology and can be used for developing national KNI systems for INTOSAI members.

c. Thirdly, as you know OECD Global Project is aimed at progress evaluation. KNI should be sensitive and relevance enough to social and economic processes being measured. Unfortunately, we can admit that governments and international bodies lacked of any reliable early warning indicators of coming economic crisis. In this respect resolutions of G20 Pittsburg Summit contain recommendations to ministers of finance, IMF and the World Bank on establishing the international system for monitoring and coordinating the macroeconomic policy.

Obviously, INTOSAI should make its contribution to solve this issue. At the Governing Board meeting in Cape Town we suggested considering the possibility of using the INTOSAI mandate to support G20 and national governments in terms of implementing monitoring of national strategies. That’s why we suggest that this section of the White Paper should contain the material that reflects **the role of KNI in sustainable development monitoring**.

4. The suggestion is that the **Recommendations** section should contain a number of methodological approaches.

a. Since in the process of economic development each state faces different social and economic problems and requires individually developed key national indicators, the suggestion is to include in the White Paper the **Principles for SAIs application of key national indicators** suggested by the SAI of Denmark and supported by the members of the Working Group. We assume that these Principles are universal and envisage that development of KNI should take into account not only the development strategies, but also potential risks and threats. In our view, these Principles are applicable to the countries and societies irrespective of their progress models and social-economic development levels. These Principles allow effective use of KNI within the framework of SAIs mandate in each country.

b. A very important condition ensuring wide SAIs application of KNI and effective knowledge sharing is consistency in terminology. With this intention the White Paper should include **recommendations based on KNI Guide to terms and concepts**. The important fact is that the Guide includes not only a list of key terms and concepts, but also an application approach which allows correct interpretation and application of relevant terms. This document is based on the work done by the US GAO in cooperation with the OECD and contains the amendments suggested by the members of the INTOSAI Working Group on KNI. In future the KNI Guide to terms and concepts should be regularly updated with respect to new developments in KNI sphere.

c. One of the most complicated issues in White Paper preparation is proper treatment of differences in socio-economic development of the INTOSAI member-states and of their relevant national peculiarities in audit. In this respect we suggest splitting the **peculiarities of KNI application in several types of economies: developed, developing and knowledge-based economies**.

- **Developed economies** have huge experience for deriving certain recommendations on KNI development and use.

- In case of **knowledge-based economies** these recommendations should be based on the review prepared by SAI of Hungary and dealing with national indicators that describe social and economic processes in knowledge-based economies. The knowledge-based economy and society are aimed to ensure competitive advantage, economic growth and social development of the country. That’s why introduction of knowledge-based society and economy is becoming one of strategic priorities in policy of both developed and developing economies. The review provides detailed description of the above mentioned aspects of knowledge-based society and economy, including development of innovations, human resources and growing role of independent bodies. However the main objective of the KNI project describing the processes in the knowledge-based society and economy is to suggest SAIs an improved system of indicators, using both countries experience and comparative analysis of key OECD and EU indicators and those of other relevant bodies.

- For **developing economies** the suggestion is to develop recommendations based on the Guidelines for the use of key national indicators in performance audit in the CIS member-states that were elaborated within the CIS Pilot project. This Project is aimed to introduce a unified standard for performance auditing. This need has arisen as a result of the following reasons. Firstly, the CIS SAIs activity is carried out in a situation of major economic and social transformations, so that SAIs should not only monitor the changes taking place, but also contribute to find the most effective forms to realize the economic capability of the CIS member-states. Secondly, after the approval of the Economic Development Strategy of the CIS till 2020 in 2008, has become particularly urgent need to define and approve common standards, methods and criteria for evaluation and, mostly important, key indicators with respect to the interests of each member-state and declared common goals and objectives of economic development. The elaborated Guidelines should not only contribute to the effective implementation of the CIS Economic Development Strategy, but can also be used by other SAIs and their regional associations.

5. Along with suggested recommendations, the White Paper should contain the complete list of documents relating to the development and use of KNI. Inclusion in the White Paper **Bibliography** section will simplify access to materials on the subject. The possibility of using the documents developed both by international organizations and by national SAIs will contribute a lot to knowledge sharing in this area. To the moment the Secretariat has collected much of the material, but we look forward your active participation and kindly ask you to submit to the Secretariat the titles of the documents used by your SAI and relevant links to access them.

6. The **Conclusion** section is supposed to contain key recommendations and conclusions made in the White Paper.

7. We also suggest including in the **Annexes** all the materials of the Working Group used in preparation of the White Paper.

The White Paper should be a kind of declaration accumulating key principles and approaches in the sphere of development and use of KNI for progress measurement. Obviously, now we are in the very beginning of the development of the integral system of approaches to metrics and dynamics in socio-economic development processes. KNI system and the methods of the indicators assessment and analysis will certainly develop, and need continuous updating of knowledge in this area, which involves the use of the capabilities of modern information technologies and development of an appropriate reference model. Such possibilities will ensure transparency of national systems for progress measurement and synchronous reflection of KNI system changes and their evaluation methods. Currently this issue is very topical since new progress metrics emerge, and these metrics rely on life quality indicators rather than on GDP value (Report of Sarkozy’s Commission on economic performance and social progress) and post-crisis global development models. Thus, we are making first steps in this highly interesting and important area of INTOSAI activity.

Our task for this Meeting is to discuss and approve the White Paper structure and format of its filling in by the Working Group members, so that by November 2010 we could present the first draft of this document at the Congress of INTOSAI.

We look forward active participation of the Working Group members in discussion of the White Paper structure and in its preparation for the Congress of INTOSAI.

THANK YOU FOR YOUR ATTENTION!