

**Presentation by Auditor General of Estonia Janar Holm “Key national indicators: a tool for sustainable development” at the panel discussion of the Astana Economic Forum in Nur-Sultan, Kazakhstan, organized by the Accounts Committee of Kazakhstan on 17 May 2019**

**Harnessing the digital transformation to achieve sustainable development**

You may have noticed that if anyone comes from Estonia, they speak, no matter the subject, about ICT, digitalization or e-governance. That's how it will be today as well. Digitalization in the public sector opens new horizons for effective implementation and evaluation of national strategies, including targets and indicators.

I am convinced and I am sure nobody argues that reliable, accessible and timely data is critical for better governance. Data is crucial for informing policy implementation and decision-making; for monitoring the progress of the strategic goals and targets; as well as for designing and implementing new indicators. And let's not forget: it is also crucial for ensuring meaningful accountability and participation.

As you know, public organizations usually have their own information systems to process information relevant to the state and to provide public services for citizens. They often run on different systems designed for the best function of their organization. And these information systems are like islands – they are without a connection with other information systems.

Estonia is fortunate that our government established digital transformation as a goal for the Estonian public sector 25 years ago. That is when we systematically started to build information systems and databases, create an infrastructure for data exchange and promote e-services.

Running a country where 99% of public services are accessible online 24/7 would require interoperable information systems. To cope with such a challenge, Estonia developed the X-Road data exchange platform. This platform was initially used only for making queries to different national databases. Now it is also being used as a platform for securely amending data in multiple databases, transmitting large data sets and executing searches across several databases.

I can confirm that linking the data systems of public institutions with the X-road was the right decision. Digitalization of the public sector and public services – e-governance – has provided data which allows us to effectively monitor as well as audit the progress of national policies. Moreover, it is also possible to monitor the implementation of the sustainable development goals and targets or, if needed, to design new indicators.

If this strategic IT development path had not been chosen, the National Audit Office of Estonia would have had to consistently demand in our audits that the government create such a systematic data exchange environment.

Despite many challenges and problems, we can say today that digitalization and e-governance have increased the efficiency of the public sector by considerably reducing the time required to obtain and process information.

These developments have given rise to a new, powerful tool for more effective governance and planning. The digitalization of information exchange in the public sector, interconnected information systems and digitalized e-services has created a policy-making environment that enables the government to make better informed decisions more quickly. Decision makers can analyze data in vast amounts and different formats, which is referred to as Big Data.

Another important aspect is that the government can get information about almost all policy areas in real time. Up-to-date and easily accessible data provides an opportunity for dynamic national strategic management and policy implementation. Digitalization made it possible, in most cases, to measure progress in real time and implement data-intensive indicators. I claim that in the 21st century, no government can afford to only assess the progress of the key indicators on benchmarks determined at a fixed moment with long time intervals.

Digitization and easy access to data makes it possible to create more effective monitoring systems including, for example, a compliance or finance audit. Yet, having a databases or data exchange platform and basic control systems in place is not sufficient for achieving real-life results. There is also a need to operationalize data usage. This means that there is a need to set up a meaningful system of objectives and indicators that link national and international sustainable development goals.

The responsibility to provide internationally comparable national data on most indicators was given to Statistics Estonia. Statistics Estonia will soon launch a national data platform which will serve as a central repository for all national data. This repository will use real-time data from national databases through the X-Road data exchange platform.

An important goal of this new central repository is to retrieve data about the progress of strategic goals and targets directly from the platforms. This will considerably reduce the reporting burden of enterprises and public institutions. But the second and even more important goal of such a data platform is to set up the abovementioned system of objectives and indicators that link national and international sustainable development goals to create a tool for strategic planning.

Such a “tree” of organized and linked goals and indicators will provide a good tool for Statistics Estonia to advise policy makers on the choice of suitable indicators and targets. The National Audit Office of Estonia (NAOE) estimates that developing and launching such a repository is an unavoidable prerequisite for planning measures to achieve sustainable development.

This new central repository for data concerning national and sustainable development goals will also make statistics and indicators available to the public in real time with the most up-to-date data. Today, Estonia monitors sustainable development through an annually published review compiled by Statistics Estonia in cooperation with the Government Office and various ministries.

Nevertheless, the biggest challenge to achieve sustainable development is not solvable only by digitalization, by easy access to data or by appropriate platforms. Systematic data management is only a prerequisite and supporting factor. The main challenge is to understand what measures and actions actually help to achieve strategic goals and targets. Which measures are more effective than others, and which are less effective? How does implementation of goals and targets create an impact? How can an impact be achieved?

Which measures are politically feasible, and which are not? And finally, the question is whether policy makers are actually using all these new tools given to them. These choices depend on the government and policy making. And in that context, the most important role for SAIs is to assess the government's efforts towards achieving sustainable development. This doesn't mean only checking for compliance with the set indicators. It also means interpretation of which tool is best for the performance of an audit. Further digitalization and digital transformation of the public sector and the new central repository for national and sustainable development goals data will give the National Audit Office of Estonia the opportunity to do this work more systematically and effectively.

## **Background**

### **Key national indicators: a tool for sustainable development**

**Organizer:** Accounts Committee for Control over Execution of the Republican Budget

Sustainable growth is progress in economic, social, cultural, environmental and other efforts. The status of a country, its people and its institutions can be measured in many ways. Macroeconomic indicators are widely used to measure the development of countries, but they do not take into account all elements of social progress. The identification of key national indicators contributes to improving the quality of government performance and, ultimately, to improving the standard of living of the people. The purpose of the national indicator system is to systematically apply measures and report on the various aspects of well-being that are important to citizens. They are also necessary for the integrated management of national strategies and the effective evaluation of their implementation at all stages.

The INTOSAI working group on key national indicators conducted a number of studies and collected international best practices. Given the roles and responsibilities of national governments in ensuring efficiency and accountability, supreme audit institutions can play an important role in identifying ways to address key national challenges. One of the tools needed to address challenges and achieve national development goals is a performance evaluation system based on key indicators that measure conditions, trends and progress towards targets and, ultimately, indicate whether the goals have been achieved. These results can be used as information in strategic planning, to improve performance evaluation and accountability reporting, and to facilitate effective policy analysis and programme evaluation.

**Key Issues:** A well-balanced, consistent and wholistic system of key national indicators – the view of the supreme audit institutions

### **Decomposition of national indicators by level of government**

Audit and monitoring of national indicators at the implementation stage – theory and practice  
The role of supreme audit institutions in the implementation of key national indicators  
Public auditor skills for quality evaluation of the system of national key indicators

**Moderators:** Natalya Godunova, Chairwoman of the Accounts Committee of the Republic of Kazakhstan

### **Speakers:**

Janar Holm, Auditor General of Estonia

Dr. Adel Azar, President of the Supreme Audit Court of Iran

Vasily Gerasimov, Vice President of the Accounts Chamber of Belarus

Wang Yanbin, Director General of the Zhengzhou Regional Office, National Audit Office of the People's Republic of China

Uzunöz İbrahim, Head of training department of the Turkish Court of Accounts

Giovanni Capannelli, Asian Development Bank, Country Director of the Kazakhstan Resident Mission

Suzy Yoon-Yildiz, Senior Operations Officer at Central Asia Regional Office, World Bank