

**BOARD
OF
DIRECTORS**

ASIAN DEVELOPMENT BANK

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**TECHNICAL ASSISTANCE TO MONGOLIA
FOR IMPROVING SOCIAL STATISTICS**

The attached Report is circulated for the information of the Board. The President approved the technical assistance on 12 July 2001.

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ASIAN DEVELOPMENT BANK

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TECHNICAL ASSISTANCE

TO

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FOR

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July 2001

CURRENCY EQUIVALENTS

(as of 18 June 2001)

Currency Unit	–	Togrog (MNT)
MNT 1.00	=	\$0.000913
\$1.00	=	MNT 1,095

ABBREVIATIONS

ADB	–	Asian Development Bank
LRO	–	Labor Regulation Office
MSWSS	–	Ministry of Social Welfare and Social Security
NSC	–	National Statistical Council
NSO	–	National Statistical Office
TA	–	Technical Assistance

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. According to the Poverty Partnership Agreement signed by the Asian Development Bank (ADB) and the Government of Mongolia, “growth in the economy has not reduced the level of poverty, which is mainly the result of lack of employment and income opportunities.” In view of the policy and social relevance of employment in Mongolia, it is crucial for the Government to improve the estimation of labor statistics, the quality of which is not reliable at present. In 1999, the Government requested ADB to assist the National Statistical Office (NSO) in improving social statistics, particularly labor statistics. Accordingly, ADB included advisory technical assistance (TA) in its 2001 country assistance program.

2. In October 2000, an ADB Fact-Finding Mission discussed with the Government the objectives, scope, financing, and implementation arrangements of the TA.¹

II. BACKGROUND AND RATIONALE

3. NSO is the national agency responsible for centralized collection, compilation, and dissemination of official statistics in Mongolia. It has been producing a wide range of socioeconomic and real sector data for a long time. The revised Statistics Law that the Parliament approved in 1997 established NSO as an independent body directly reporting to the Parliament and provided it with sufficient legal basis for statistical activities in the country. In recent years, it has undergone significant changes to address a host of political, economic, social and technological changes that are affecting user needs for statistical outputs. It is widely recognized that the new circumstances of Mongolia are having a profound impact on the need for data and the conditions of data collection in all fields of statistics.

4. NSO has received TA in different areas of statistics from a number of international agencies. In 1993, ADB provided TA (TA 1811) with a view to strengthen the then State Statistical Office and to assist it in complying with international standards. One of the major achievements of this TA, which was completed in September 1997, is the improvement of the national accounts and other statistics relevant for monitoring economic development. The World Bank and the International Monetary Fund assisted in further improving national accounts and the consumer price index. The Food and Agriculture Organization assisted in constructing economic accounts for agriculture. Such assistance substantially improved the statistical system.

5. Collecting and compiling of socio-demographic data are traditional activities of NSO. Demographic, health, and education statistics are available from administrative records. These data are complemented and validated by information collected through population censuses conducted every 10 years and sample surveys as required. NSO recently conducted the 2000 population and housing census and a number of other sample surveys, namely, child development and reproductive health survey, living standards measurement surveys, time use survey, etc. mainly through TA. The only periodic survey that NSO conducts is a household income expenditure survey, and no survey in the system of household surveys can provide consistent periodic social and demographic statistics.

¹ The TA first appeared in *ADB Business Opportunities* on 25 October 2000.

6. Labor force statistics appears to be particularly weaker than other statistics. The monthly and quarterly reports produced by the Labor Regulation Office (LRO) of the Ministry of Social Welfare and Social Security (MSWSS) contains information on the registered job applicants. It does not have information on unemployed persons who do not register at LRO. The LRO collects these data monthly at the *soum* (district) and *aimag* (province) levels. NSO, on the other hand, conducts an annual establishment survey, collecting information on the number of employees by type of establishment in some 400 establishments and organizations, but it excludes unregistered businesses, informal sector, as well as certain categories of employment such as temporary or daily labor, unpaid apprentices, or family workers. However, these data, which are based on administrative records, do not fully comply with internationally accepted definitions, methodologies, standards, and classifications, and hence do not provide a satisfactory basis for analytical work. Moreover, the quality of such administrative reporting is doubtful. Administrative records cover only the registered unemployed and cannot fully capture information such as hidden employment, under-employment, etc., which can be compiled only through sample surveys. The business registers used in preparing the sampling frame for the establishment survey are not complete. Recently, MSWSS initiated a project with the European Union's Technical Assistance for the Commonwealth Independent States (TACIS) to improve the labor market information system. This system only measures the number of job vacancies and registered job applications, and does not cover the full range of economic activity.

7. The present staffing and organization structure of NSO are not fully capable of facing increasing challenges. For example, NSO does not have a separate division for training as well as for sample survey and methodology, which is crucial for a statistical organization conducting a large number of sample surveys. On the other hand, some divisions have overlapping functions. There is also significant duplication in the data collected by various government agencies. These data collection activities will need to be closely coordinated to reduce duplications and wastage of resources. The national statistical council (NSC), which is dormant at the moment, will need to be activated to improve coordination in data collection.

III. THE TECHNICAL ASSISTANCE

A. Objectives

8. The TA seeks to improve the collection, analysis, and dissemination of social statistics, particularly employment data. The specific objectives are to (i) revise the structural organization of NSO; (ii) support the updating of the master sample and the implementation of a national labor force survey; (iii) reinforce NSO capacities in analyzing social statistics, particularly the social components of the 2000 population and housing census data; and (iv) provide long-term training to NSO staff.

B. Scope

9. The objectives of the TA will be met by providing NSO, MSWSS, and provincial and district statistical offices with advisory services, training, equipment, and support for data collection and dissemination activities. The TA framework is in Appendix 1.

10. To avoid duplication and ensure proper coordination among the data collecting agencies, NSC will be activated. The organization structure of NSO will be improved to make it more effective in responding to the greater developmental challenge. A statistics office

management consultant will be engaged to review the existing NSC and NSO, and propose a new organization structure to make NSO an efficient and modern statistical agency.

11. The 2000 population and housing census, implemented with support from the United Nations Fund for Population Activities (UNFPA) is the first to fully adopt international recommendations and principles. The UNFPA support was adequate for conducting in-depth analysis of the census data. The TA will provide NSO with consulting services and apprenticeship to proceed to an in-depth analysis of the social components of the 2000 population and housing census data, and dissemination of the results of the census analysis.

12. The 2000 population and housing census data provide the information required for updating the master sample frame of Mongolia. Since sample surveys constitute an essential tool for statistical information in Mongolia, updating the sample frame is a priority activity, to be implemented before any new sample survey is conducted. An international consultant in sampling methodology will assist NSO in this activity.

13. The TA will also provide NSO with technical and (partial) financial support for implementing a national labor force sample survey and reviewing the existing annual employment survey (based on administrative records). This support will include recruiting international and domestic consultants, providing short-term training and equipment, and funding survey operational cost and dissemination of results.

C. Cost Estimates and Financing Plan

14. The total cost of the TA is estimated at \$704,000 equivalent, of which \$378,000 is the foreign exchange cost and \$326,000 is the local currency cost. The Government has requested ADB to finance \$500,000 equivalent, covering the entire foreign exchange cost and \$122,000 equivalent of the local currency cost. The TA will be financed by ADB on a grant basis from ADB-funded TA program. ADB funds will be used in acquiring the services of international consultants, procuring equipment, providing long-term and short-term training to NSO staff, and partially supporting a labor force survey as well as organizing workshops. The Government will finance the balance of the local currency cost equivalent of \$204,000, representing part of the cost of implementing the labor force survey, the cost of counterpart staff salaries, local transport cost, and use of office facilities, and other administrative overhead (Appendix 2).

D. Implementation Arrangements

15. The project will be implemented over a period of 30 months, from June 2001 to November 2003. ADB's Statistics and Data Systems Division of the Economics and Development Resource Center will administer the TA in close consultation with the Programs East Department (PED). NSO will be the Executing Agency for the Government of Mongolia. NSO will appoint a senior-level officer as project director, who will be responsible for day-to-day project implementation, disburse funds, supervise consultant works and review their reports.

16. The TA will engage international consultants for 8 person-months: statistics office management consultant (1), sampling consultant (2.5), labor force statistics consultant (3.5), and social statistics consultant (1); and domestic consultants for 18 person-months: social statistics expert (6) and labor statistics expert (12). The consultants will be selected and engaged in accordance with ADB's *Guidelines on the Use of Consultants*. The terms of reference for the consultants are in Appendix 3. In addition, the TA will fund the participation of

the International Labor Organization regional advisor on labor statistics in implementing activities as and when needed.

17. The TA will provide some 20 personal computers and necessary software, for data processing of sample surveys and other uses of NSO and its provincial and district level offices. In addition, the TA will purchase one photocopy machine, and one overhead projector for the proposed training unit, which will be fitted with an appropriate heating system. Equipment will be purchased in accordance with ADB's *Guidelines for Procurement* and will be turned over to NSO upon completion of the TA.

18. The TA will provide limited financial support to run selected short-term training programs recommended by the statistics office management consultant during the TA period. There is, however, a strong need to sustain these activities and further develop them in the future. This is only possible if the government makes adequate resources available for statistical activities and NSO is adequately staffed with trained and skilled manpower. So far, a number of sample surveys have been conducted with external assistance. To sustain the data collection activities in the future these surveys need to be conducted regularly.

19. The TA will support both local and external training for the staff of NSO and MSWSS and their provincial and district staff. Three NSO staff will pursue diploma-level courses of 6-10 months duration, with emphasis on the sampling and survey methodology, social statistics, and national accounts. Some five staff from NSO and MSWSS will be sent on an apprenticeship program in one of the developing countries of the region. About 10 provincial and district staff will be sent on study tours to one of the nearest developing member country. The TA will also finance in-country training courses for the statistical staff including staff of the statistics unit in the line ministries and provincial and local offices. To address the long-term training needs of NSO and other data-collecting agencies, a training and documentation unit will be established within NSO. The unit will also serve as a clearinghouse for methodological and reference documents to be used by various divisions of NSO. It is expected that the Government will provide the necessary staff and space for the training unit.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of Mongolia in an amount not exceeding the equivalent of \$500,000 for the purpose of Improving Social Statistics, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
1. Goal To strengthen social statistical system, with particular emphasis on labor statistics	Sustained flow of sufficient, relevant, and timely social and related statistics for policy making	Publications of the National Statistical Office (NSO) review missions and regular communications	Sustainability of technical assistance activities requires government budgetary commitment and necessary support.
2. Purpose a. Assist in reorganizing the statistical function of NSOs, to facilitate effective coordination with other data-collecting agencies	Reorganized NSO with reduced duplicative functions, harmonized concepts and methods of data collection and processing, well-coordinated dissemination	Consultants reports, review missions, government communications	Government commitment to institutionalize the cooperation of all government data-producing agencies and vice versa; strengthened capacity of NSO to provide guidelines and technical support
b. Assist in establishing a training unit	Establishing a training unit within NSO	Consultants' reports, review missions, government communications	NSO's commitment to make available space, necessary staff, and resources to sustain the activity
c. Assist in Improving social statistics system, including the conduct of labor force surveys	Improved social statistics, particularly labor statistics	Availability of reliable and timely social statistics including employment-related statistics	Government commitment to provide counterpart staff and resources for undertaking the survey
3. Activities/Inputs a. Review the present organizational structure of NSO and activate National Statistical Council.	Reformed NSO, with enhanced statistical functions	Consultants' reports, review missions, and government communications	Government's commitment to institutionalize the reorganization of NSO
b. Update master sample based on 2000 population and housing census	Preparation of sample frames for conducting various statistical surveys, including labor force surveys	Consultants' reports, review missions	Availability of updated sampling framework
c. Conduct labor force survey	Filling the labor-related data gaps, in conformity with the national accounts data requirements	Data files and tabulations from the labor force survey, consultants' reports, government communications	Availability of counterpart fund and other resources, for conducting the survey

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
d. Undertake data analysis from the social component of 2000 population and census.	Filling data gaps on social statistics	Data files and tabulations from the census data, communication, consultants' reports	Availability of local staff
e. Organize short- and long-term training program for the national, provincial and district staff of NSO and MSWSS.	Staff of data-producing agencies technically adept in various statistical and survey methodologies	Training materials, assessment of training by participants, consultants' reports	Availability of training facilities and continued local support for conducting the training

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
I. Asian Development Bank Financing*			
A. Consultants			
1. International Consultants			
a. Remuneration	120.0	0.0	120.0
b. Per Diem	24.5	0.0	24.5
c. Travel and Other Costs	20.5	0.0	20.5
2. Domestic Consultants			
a. Remuneration	0.0	30.0	30.0
b. Domestic Travel and Other Costs	0.0	2.0	2.0
3. ILO Regional Advisor on Labor Statistics			
a. Travel and Per Diem	10.0	0.0	10.0
B. Training, Seminar/Workshop			
1. External Training			
a. Sampling/Survey Methodologies	10.0	0.0	10.0
b. Social Statistics	10.0	0.0	10.0
b. National Accounts	20.0	0.0	20.0
2. Apprenticeship			
a. Host Country Administration Cost	7.0	0.0	7.0
b. Per Diem	12.0	0.0	12.0
b. Travel, Insurance and Other Cost	8.0	0.0	8.0
3. In-country training	0.0	20.0	20.0
4. Inception and concluding workshops	0.0	10.0	10.0
C. Equipment			
1. Equipment, including Purchase of Computer Software and Hardware, One Photocopying Machine, One Overhead Projector, Heating System, and Furniture	73.0	0.0	73.0
D. Survey			
1. Support for conducting the Labor Force Survey	0.0	60.0	60.0
E. Miscellaneous Administrative and Support Cost	13.0	0.0	13.0
F. Contingency	50.0	0.0	50.0
Subtotal (A)	378.0	122.0	500.0
II. Government Financing			
1. Conduct of Labor Force Survey	0.0	45.0	45.0
2. Counterpart Salaries	0.0	60.0	60.0
3. Miscellaneous Administrative and Support Services Including Secretary and Driver	0.0	10.0	10.0
4. Office Accommodation	0.0	25.0	25.0
5. In-City Transport Cost	0.0	30.0	30.0
6. Contingencies	0.0	34.0	34.0
Subtotal (B)	0.0	204.0	204.0
Total	378.0	326.0	704.0

Source: Staff estimates.

* ADB funded TA program

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. Statistics Office Management Consultant (1 person-month)

1. The expert on statistics management will have extensive technical background and experience in administering a National Statistical Office (NSO). The expert will assist NSO in the following tasks:

- (i) review the structural organization of NSO, and the National Statistical Council (NSC) of Mongolia, which is dormant at the moment;
- (ii) propose a revised structural organization, including detailed staff needs and mandate for each department/division of the new organization, and recommend amendments to NSC for strengthening the statistical system of Mongolia;
- (iii) assist in establishing a training unit within NSO;
- (iv) discuss with NSO the implementation procedures and timetable of the structural reform;
- (v) submit a completion report to NSO and the Asian Development Bank (ADB) not later than a week after the consultancy.

2. Sampling Consultant (2.5 person-months)

2. The expert in sampling will have extensive technical background and experience in sampling methodology. The expert will assist NSO in the following tasks:

- (i) design a new master sample, based on the 2000 population and housing census data, which can be used for different types of sample surveys at different levels of disaggregation;
- (ii) document the proposed master sample, with detailed information on stratification scheme, stages of sample collection, sample size determination, and comparison with previous sample frames;
- (iii) organize short-term training for the staff of NSO and other agencies in sampling/survey methodologies as necessary; and
- (iv) submit a completion report to NSO and ADB not later than a week after the consultancy.

3. Labor Force Statistics Consultant (3.5 person-months)

3. The expert in sampling will have extensive technical background and experience in labor force surveys (data collection and data processing). The expert will assist NSO in the following tasks:

- (i) design the sampling methodology (survey questionnaire, training manuals, tabulation, and analysis plan) for a national labor force survey;
- (ii) train the interviewers and supervisors;
- (iii) specify the data editing procedures (consistency checks and correction/imputation rules);
- (iv) analyze the data and prepare the survey report; and

- (v) submit a completion report to NSO and ADB not later than a week after the end of each mission.

4. Social Statistics Consultant (1 person-month)

4. A social statistics expert with extensive knowledge and working experiences will perform the following tasks:

- (i) assist NSO in analyzing the social component of 2000 population and housing census;
- (ii) train the NSO counterpart in analyzing the relevant census data;
- (iii) train staff from NSO and the Ministry of Welfare and Social Services and local-level offices;
- (iv) assist NSO in preparing a statistical report and publication; and
- (v) submit a completion report to NSO and ADB not later than a week after the completion of the assignment.

B. Domestic Consultants

1. Social Statistics Expert (6 person-months)

5. One social statistics expert with relevant technical expertise and experience will assist the international expert on social statistics in the following tasks:

- (i) analyzing data on the social component of the 2000 population and housing census;
- (ii) preparing the report and documenting relevant information;
- (iii) training local staff;
- (iv) preparing and submitting the final report.

2. Labor Statistics Expert (12 person-months)

6. One labor statistics expert with relevant experience and adequate expertise will assist the international expert on labor force statistics in the following tasks:

- (i) testing survey questionnaires, training manuals, and tabulation and analysis plan;
- (ii) training the interviewers and supervisors;
- (iii) organizing the labor force survey;
- (iv) conducting short-term training related to labor statistics; and
- (v) analyzing the data and preparing the report.