

ASIAN DEVELOPMENT BANK

TAR: VAN 35215

**TECHNICAL ASSISTANCE
TO THE
REPUBLIC OF VANUATU
FOR THE
INSTITUTIONAL STRENGTHENING
OF THE
NATIONAL STATISTICS OFFICE**

February 2002

CURRENCY EQUIVALENTS

(as of 31 December 2001)

Currency Unit	–	Vatu (Vt)
Vt1.00	=	\$0.00680
\$1.00	=	Vt 147.12

ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
CRP	–	Comprehensive Reform Program
GDP	–	gross domestic product
NSO	–	National Statistics Office
PFTAC	–	Pacific Financial Technical Assistance Centre
TA	–	technical assistance
VAT	–	value-added tax
VNPF	–	Vanuatu National Provident Fund

NOTES

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

I. INTRODUCTION

1. The Asian Development Bank (ADB) has provided advisory support to the National Statistics Office (NSO) of Vanuatu as a component of two technical assistance (TA) grants.¹ The NSO has made good progress over the past two years in a broad program of statistical development. Based on the progress, it recently finalized a comprehensive institutional strengthening program to implement in 2002–2004. The Government of Vanuatu (the Government) requested ADB to continue providing TA to NSO for its institutional strengthening program. The TA is reflected in ADB's 2001 Country Strategy and Program update for Vanuatu. The ADB TA Fact-Finding Mission visited Vanuatu between 29 August and 14 September 2001 and reached an understanding with the Government on the objectives, scope, cost estimates and financing plan, implementation arrangements, and terms of reference for consulting services under the TA.²

II. BACKGROUND AND RATIONALE

2. The ongoing Comprehensive Reform Program (CRP)³ that focuses on improving public performance, governance, and social well-being has substantially increased the need for quantitative data to be used for decision making. Timely and reliable data are crucial for assessing the effectiveness of the reform. These needs have been highlighted by the Review of the Social Impact Monitoring under the CRP.⁴ A recent diagnostic study of NSO's operations, conducted by the Pacific Financial Technical Assistance Centre (PFTAC), also identified key areas, which include national accounts, business survey, and socioeconomic database.⁵

3. Over the past three years, NSO has received limited TA support from ADB, the South Pacific Commission, PFTAC, and some bilateral aid agencies. The assistance has been instrumental in helping the office achieve most of its basic goals. Over this period, the advisers provided inputs to a population census, a labor market survey, an informal sector survey, a refinement of the national accounts, an annual business survey, a publications program, and tasks related to scheduling and management. The TA enhanced NSO's capacity so that, for the first time, it could provide a consistent time series of national production data dating back to 1983, though the series requires further refinement. The labor market survey and the informal sector survey constituted important new benchmarks. The 1999 census of population was an important achievement, providing baseline data for social monitoring under the CRP. The production of these important statistics has generated increased demands for more frequent and timely economic data, and more comprehensive social data. Other tasks achieved include (i) compiling and analyzing a household income and expenditure survey, (ii) rebasing the consumer price index, (iii) rebuilding a business register, and (iv) rebuilding an annual business survey.

4. The expanded program provided vital new baseline data in key areas, which has in turn created further demand for statistical information for more frequent economic data and data for

¹ TA 3046-VAN: *Institutional Support to Central Agencies for CRP Phase II*, for \$1,200,000, approved on 16 July 1998; and TA 3449-VAN: *Institutional Support to Central Agencies for CRP Phase III*, for \$700,000 approved on 26 May 2000.

² The TA was first listed in *ADB Business Opportunities* (Internet version) on 27 July 2001.

³ ADB is supporting the Comprehensive Reform Program through a program loan (Loan 1624-VAN: *Comprehensive Reform Program*, for \$20 million, approved on 16 July 1998.

⁴ P. Schoeffel, Vanuatu CRP: Second Review of Social Impact Monitoring, ADB, 9 December 2000.

⁵ A Report of the Statistics Mission To Vanuatu, by Roger Purdue, a PFTAC adviser, May 2001. The TA's description of the NSO accomplishments and weaknesses largely relied on the diagnosis of the report.

social monitoring. Notwithstanding the skills improvement achieved under the earlier TA, NSO's expertise remains insufficient to keep pace with the fast-growing statistical demands. At the same time, the recent corporate restructuring and downsizing resulted in the staff complement declining between 1998 and 2001 from 23 to 18 permanent positions. Due to budget restraints, only 15 positions are actually staffed. This is a common phenomenon across the public service and it is currently difficult to recruit qualified statisticians. To overcome the constraint, it is vital to train the staff to develop multifunctional skills.

5. Due to the increased statistical demand, further capacity building is essential to ensure the sustainable production of economic statistics, including the national accounts, consumer price index, and employment statistics; and the social and demographic statistics, including vital statistics, and statistics on health, environment, education, and crime. TA is also needed to advise on developing the planning process for future tasks, including an agriculture census in 2004, a household income and expenditure survey in 2003/04, social impact monitoring, a human resource development program for staff, and improved dissemination procedures. The NSO established its medium-term institutional strengthening program and ADB will provide the first core batch of required inputs. In parallel to this TA, 1-2 bilateral aid agencies, including the Australian Agency for International Development (AusAID), may provide complementary TA for strengthening NSO's planning, data dissemination, and information technology and web site capacities; and for training NSO staff abroad and in Vanuatu.

III. THE TECHNICAL ASSISTANCE

A. Objectives

6. The TA will support Vanuatu's economic and social development through the preparation of relevant, timely, reliable statistical information. The TA will upgrade the capacity of NSO to meet its obligations to coordinate, collect, analyze, and disseminate economic, social, and demographic statistics, through improving the quality, relevance, timeliness, and reliability of the statistics. A logical framework for the TA is provided in Appendix 1.

B. Scope

7. The TA will assist NSO, and the Reserve Bank in limited areas, to (i) produce or improve selected economic statistics, including the national accounts, business survey, and business license register; (ii) produce or improve selected social statistics, including the social profile, employment, squatter settlement, poverty and gender statistics; and (iii) analyze the NSO operations. The staff training provided by the TA is mainly to develop on-the-job skills, coach key senior staff to become capable of covering several types of tasks, and guide NSO to improve the quality of products, through participation in research activities.

C. Cost Estimates and Financing Plan

8. The total cost of the TA is estimated at \$250,000 equivalent, of which \$194,000 is the foreign exchange cost and \$56,000 equivalent is the local currency cost. The Government has requested ADB to finance \$200,000 equivalent covering all the foreign currency cost and \$6,000 equivalent of the local cost. The TA will be financed by ADB on a grant basis from the ADB-funded TA Program. The Government will provide the remaining \$50,000 equivalent through counterpart staff, support services, and office facilities. Appendix 2 provides detailed cost estimates.

D. Implementation Arrangements

9. The Ministry of Finance and Economic Management will be the Executing Agency for the TA and the government statistician will handle daily operations of the TA. The TA will commence in March 2002, be carried out during 12 months, and be completed by the end of February 2003.

10. Two individual international consultants with significant experience in economic and social statistics will be engaged: an economic statistics expert and a social statistics expert. The TA will finance approximately 9 person-months of services during a 12-month period. Appendix 3 provides the outline terms of reference for the consultants, who will be selected and engaged by ADB in accordance with ADB's *Guidelines on the Use of Consultants*. The consultant team will collaborate with the technical advisers under parallel inputs by other TAs, such as the TA committed by AusAID for in-house and overseas training of NSO staff and the ADB regional TA for Capacity Building and Regional Cooperation for Economic Statistics in Selected Pacific Developing Member Countries.⁶ The government statistician will closely monitor day-to-day performance of the consultants.

11. The Reserve Bank will be assisted to improve the national accounts, and in other tasks such as the business survey. NSO will organize a joint task team with staff of the Reserve Bank. For the social statistics, NSO will regularly seek guidance from the Department of Strategic Management.

12. An inception meeting involving the consultants and the TA supervisory parties comprising NSO, the Reserve Bank, the Department of Strategic Management, the Department of Finance, the Department Economic and Social Development, and ADB will be held when the consultants arrive in Vanuatu. The scope and work plan of ADB's regional TA for Capacity Building and Regional Cooperation for Economic Statistics in Selected Pacific Developing Member Countries will be discussed to ensure that the two TAs complement and do not duplicate each other. The consultants will prepare an inception report, based on a detailed work plan provided by the government statistician, within one month of the start of TA implementation. The inception report and quarterly project progress reports will be submitted to the supervisory parties. A draft final report will be submitted to the parties two weeks before the end of the consulting services, and will be discussed at a meeting of them. The final report, incorporating the comments of the parties, will be submitted to ADB, with a copy to each of the other supervisory parties, within a month of the meeting.

IV THE PRESIDENT'S DECISION

13. 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 the Republic of Vanuatu, in an amount not exceeding the equivalent of \$200,000, for the purpose of Institutional Strengthening of the National Statistics Office, and hereby reports such action to the Board.

⁶ TA 6009-REG: *Capacity Building and Regional Cooperation for Economic Statistics in Selected Pacific Developing Member Countries*, for \$500,000, approved 13 December 2001.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <ul style="list-style-type: none"> • Facilitate economic and social development through the preparation of relevant, timely and reliable statistical information. • Sustain the reform process. 	<ul style="list-style-type: none"> • Timely and appropriate statistics provision. • Increased skills base of staff. 	<ul style="list-style-type: none"> • National Statistics Office (NSO) business plan. 	<ul style="list-style-type: none"> • Appropriate staff selection and staff continuity.
<p>Purpose</p> <ul style="list-style-type: none"> • Upgrade the capacity of NSO to meet its obligations to coordinate, collect, analyze, and disseminate economic, social, and demographic statistics through improving the quality, relevance, timeliness, and reliability of economic, social, and demographic statistics. 	<ul style="list-style-type: none"> • Timely provision of statistical data. • Quantity and quality of the provided data. 	<ul style="list-style-type: none"> • NSO business plan. 	<ul style="list-style-type: none"> • Appropriate staff capacity. • Staff commitment.
<p>Outputs</p> <ul style="list-style-type: none"> • Actual gross domestic product (GDP) for 1999 and 2000. • GDP estimate for 2001. • Business survey for 1999 and 2000. • Value-added-tax (VAT) and Vanuatu National Provident Fund (VNPF) data collection system. • System for 2001 business survey. • New social data collection system. • Social profile of Vanuatu. • Squatter settlement surveys. • A diagnostic analysis of NSO operations. 	<ul style="list-style-type: none"> • The 1999/2000 actual GDP by production and expenditure finalized by May 2002. • The 2001 GDP estimates finalized by May 2002. • The 2000 National Account released. • The 1999 and 2000 business survey data analysis completed by April 2002. • VAT and VNPF data collection system in place by Sep. 2002. • The system of 2001 business survey in place. • Social profile of Vanuatu prepared. • Squatter settlement surveys prepared. • A new social data collection system. 	<ul style="list-style-type: none"> • Technical Assistance (TA) reports (inception, quarterly, draft final, and final). • The inception meeting and final meetings. • Regular consultation with the director general of Ministry of Finance and Economic Management and the government statistician. 	<ul style="list-style-type: none"> • Director general is supportive. • Staff continuity remained. • Staff capacity built.

(Reference in text: page 2, para. 6)

<p>Activities</p> <p>The economic statistics expert will assist NSO and the Reserve Bank to</p> <ul style="list-style-type: none"> • enhance capacity in producing national account, • improve procedures and capacity to update other economic statistics, • develop officers' reporting skills, • strengthen selected administrative data sources, and • analyze NSO operations. <p>The social statistics expert will assist NSO and the Department of Strategic Management to</p> <ul style="list-style-type: none"> • establish procedures to compile and update a social statistics database, • compile and publish demographic data of censuses and surveys, • develop staff skills in analyzing census and survey technical reports, • analyze NSO operations, and • improve staff skills with computer software packages for analyzing demographic and social data. 	<ul style="list-style-type: none"> • Human Resource Development plan for staff in place by Feb. 2002. • National accounts report for 2000 published by Aug. 2002. • 2001 GDP estimates by 2002. • Business survey system reviewed by July 2002. • Annual business survey report completed. • Commentary in the quarterly publication of national accounts and Government finance system provided by March 2002. • Two users' workshops conducted. • Recommendation on future improvements by Dec. 2002. • Three in-house training sessions provided. • Diagnostic analysis provided. • Demographic data of censuses and surveys published. 	<ul style="list-style-type: none"> • TA reports (inception, interim, draft final and final). • Inception and final meetings. • Regular consultation with director general of Ministry of Finance and Economic Management and the government statistician. 	<ul style="list-style-type: none"> • Consultant effectively communicates with counterparts and receives support.
<p>Inputs/Resources</p> <ul style="list-style-type: none"> • Consultants. • Government's counterpart financing. 	<ul style="list-style-type: none"> • Consultancy (9 person-months): \$200,000. • Government (in-kind): \$50,000. 	<ul style="list-style-type: none"> • Monitoring by the project officer. 	<ul style="list-style-type: none"> • Government counterpart resources not available.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. International Consultants			
a. Remuneration and Per Diem	170.0	0.0	170.0
b. International Travel	5.0	0.0	5.0
2. Reports, Communications, and Local Travel	0.0	5.0	5.0
3. Contingencies	19.0	1.0	20.0
Subtotal (A)	194.0	6.0	200.0
B. Government Financing			
1. Counterpart Staff	0.0	30.0	30.0
2. Office Accommodation, Equipment, Supplies and Support	0.0	10.0	10.0
3. Contingencies	0.0	10.0	10.0
Subtotal (B)	0.0	50.0	50.0
Total	194.0	250.0	250.0

^a Financed on a grant basis from the ADB funded TA program.

Source: Staff estimates

OUTLINE TERMS OF REFERENCE FOR CONSULTANT SERVICES

1. The objectives and scope of the technical assistance are given in the main text (paras. 6-7).

A. Terms of Reference

1. Economic Statistics Expert (4 person-months)

2. The specific task of the economic statistics expert will include, but not be limited to, the following:

- (i) train NSO's staff to produce national accounts using NSO's existing system;
- (ii) assist the staff to complete the Gross Domestic Product (GDP) for 1999–2000 and estimating 2000 GDP;
- (iii) help compile the annual national account report using both production and expenditure approaches;
- (iv) help organize workshops on how to compile national accounts and use macroeconomic data;
- (v) help analyze the business survey results for 1999 and 2000 and advise on compiling the annual business survey publication;
- (vi) review the annual business survey and further develop the system to capture a high response rate;
- (vii) help improve the existing central business register;
- (viii) strengthen the existing data sources such as value-added tax (VAT) and Vanuatu National Provident Fund (VNPF) data for employment analysis;
- (ix) help the Department of Economic and Social Development with national accounts quarterly forecast; and
- (x) perform other relevant duties as required by the government statistician, including an analysis of NSO's operations.

2. Social Statistics Expert (5 person-months)

3. The specific task of the social statistics expert will include, but not be limited to, the following:

- (i) help improve procedures and capacity to compile and update a social statistics database;
- (ii) help prepare the first annual publication of the social profile of Vanuatu;
- (iii) help further develop other selected socioeconomic/demographic indicators, such as the labor market statistics, unemployment rate, and illiteracy rate;
- (iv) help strengthen staff skills to analyze census and survey technical reports;
- (v) provide staff training on computer software packages for data analysis;

- (vi) advise the Social Statistics Committee;
- (vii) ensure that gender issues and gender disaggregation are appropriately reflected in the statistics data collection, particularly through an informal sector survey, HIES, poverty assessment data of violence against women, and employment data;
- (viii) assist in the squatter settlement surveys;
- (ix) help consult with other key departments and agencies (e.g., the Health Department, Education Department, VNPF, National Women's Council, and nongovernment organizations) to strengthen their administrative data collection mechanisms; and
- (x) perform other relevant duties as required by the government statistician, including a diagnostic analysis of the operations of NSO.

B. Skills and Qualifications

4. Each expert will have an advanced degree in the relevant subjects and extensive experience in the relevant statistics areas. The experts will also have excellent communication and interpersonal skills, the ability to perform effectively in a multidisciplinary team, and the proven ability to perform effectively in a cross-cultural context.

C. Administrative Arrangements

5. The economic and social statistics experts will arrive in Port Vila, Vanuatu on the date designated by NSO in March 2002 and will stay most of the time in the field. The work schedule during the period of the TA implementation (March 2002-February 2003) will be agreed upon between the government statistician and them. The experts will report directly to the government statistician, while regularly advising the director general of Ministry of Finance and Economic Management of the project progress. Further details are given in the main text (paras. 11-12).