Report of the Ulaanbaatar Group on Statistics for Economies based on Natural Resources

I.   Introduction

1.   The joint initiative of Mongolia and Australia to establish "Ulaanbaatar City Group on Statistics for Economies based on Natural Resources" was discussed and endorsed by the United Nations Statistical Commission (UNSC) during its 43rd Session, held in New York, the USA, from 24 February, 2012, to 2 March, 2012.

2.   The primary goals of the Ulaanbaatar City Group (UB Group) were to develop methodological and practical guidelines on statistical measurement for economies based on natural resources. The group will also make recommendations by establishing best practices in concepts and methods to track mining industry activities, investment in mining, accurately measuring the industry contribution to the economy and assessing mining impacts on other social and economic sectors within the framework of the System of National Accounts. In addition, the work of the group aims to collaborate with those countries that have economies based on natural resources. The group will also develop practical recommendations for measuring the impacts of mining on the environment and to ensure comprehensiveness, reliability, accuracy, timeliness, and comparability of relevant statistical data.

II.   Progress report

3.   A total of 21 representatives from 13 countries and international organizations attended the first meeting in Ulaanbaatar, Mongolia, on 20-22 August, 2012.

4.   At present the membership of the UB Group has representatives from the following countries: Australia, Azerbaijan, Brazil, China India, Iran, Kazakhstan, Lesotho, Madagascar, Mexico, Mongolia, Russia, and Vietnam. The following international organizations are also members of the UB Group: the Interstate Statistical Committee of the Commonwealth of Independent States and the United Nations Industrial Development Organisation.

5.   At its first meeting, the UB Group discussed the terms of reference and topics to be considered for the work programme. The UB Group also established a Steering Committee as well as Expert Group to manage and conduct the work programme. In addition, it was decided that the UB Group would hold face-to-face meetings and an electronic discussion forum to advance the work programme.

6.   The next meeting of the Steering Committee of the UB Group will be held in the Russian Federation, in September, 2013.

7.   For more information on the UB Group, please use the following link (http://web.nso.mn/ub_city_group/).

III. Work Plan for 2013

A. Background

8. There is a significant need to develop guidelines on how mining and mining-related activity can be best measured and presented in published statistics. The UB Group as part of its work programme will address this need. The work programme of the UB Group will be conducted by the established Expert Group. The work programme will be under the guidance of the Steering Committee.

9. In undertaking its work, the UB Group will be guided by relevant international standards, including the System of National Accounts, the International Standard Industrial Classification of All Economic Activities, the Balance of Payments and International Investment Statistics Manual, the Government Finance Statistics Manual, the System of Environmental-Economic Accounting, the International Recommendations on Energy Statistics and the Consumer Price Index and Producer Price Index Manuals.

10. While the role of the UB Group is not to revisit the conceptual underpinnings of these standards, it may suggest elaboration in order to ensure that mining and mining-related activity is effectively measured. Furthermore, these standards are generally concerned with conceptual issues and not on practical measurement.

11. The UB Group envisage that the work of the group would be brought together to produce a hand-book on measuring mining and mining-related activity from an economic, social and environmental perspective. This manual would provide endorsement by the international statistical community on what constitutes 'best practice' in measuring resource related activity.

B. Work programme

12. The UB Group established four broad work streams. These are to:

(a) Develop a harmonized system of standard indicators for data collection;

(b) Assess the impact of the mining industry on economies and develop methodological and practical recommendations on how to demonstrate the impact through official statistics;

(c) Develop methodologies and indicators for assessing the impact of mining industry on the social sector; and

(d) Develop practical recommendations for measuring the impact of the mining industry on the environment.

13. The majority of work will be conducted in parallel with each other, with the exception of developing standard indicators for data collection. This work stream will require consultation with users and policy makers to ensure that the data will be of relevance to them. More detail on the work streams is presented in section D.

14. A broad outline of the work involved is presented below. As the most critical step is to develop an appropriate set of standard indicators, this work will provide feedback to the Steering Committee at the next meeting in 2013. This will provide a solid starting point for the other three work streams. However, while it is expected that the Expert Group will report on their initial findings, work from the other streams will also be able to provide further feedback on the indicators.

15. As indicated earlier, the output for this work will form a manual for national statistical agencies and other users. The structure of this manual should be discussed as early as possible, with the aim to discuss at the next Steering Committee meeting.

C.   Work plan for 2013

16. The Expert Group will deliver bi-annual reports on progress to the Steering Committee. The UBCG will produce a final report on the outcomes, including a manual, which would be provided to the UNSC in 2017. Once it is decided who will be responsible for particular topics and streams, a more detailed timetable will be established.

17. The following work to be conducted in 2013:

(a) Circulate relevant papers that are currently in the public domain;

(b) Start discussion on harmonised indicators (via the electronic forum);

(c) Develop a set of questions to be used in discussions with users.

(d) Discuss data indicators with policy makers and other users;

(e) Report back to group on findings;

(f) Prepare a report on harmonized system of standard indicators for data collection for the Steering Committee;

(g) Prepare draft outline of manual for discussion at Steering Committee meeting; and

(h) Establish responsibility for the particular work streams.

(i) Before the next Steering Committee meeting, the Expert Group will make contact via email to assign which members will undertake particular work streams.

(j) Arrange agenda for meeting in September 2013.

(k) Establish a schedule for future work on the UB Group for 2014 for the detailed work streams

D. Work Stream Details

18. Stream 1:Develop a harmonized system of standard indicators for data collection

(a) Develop an understanding of the issues faced by policy-makers in economies with significant natural-resource based activity;

(b) Determine a list of the economic, social and environmental indicators to inform policy makers and the broader community on these issues, including assisting international comparability;

(c) Identify ways in which economic, social and environmental information relating to mining can be best presented to facilitate understanding and analysis;

(d) Identify ways in which the dissemination of information on mining and mining-related activities can be best disseminated; and

(e) Including related issues that emerge during considerations or requested by the steering committee.

19. Stream 2:Assess the impact of mining industry on economies and develop methodological and practical recommendations on how to demonstrate the impact through official statistics

(a) Measurement of mining production in terms of quantity and value;

(b) Measurement of prices of mineral commodities and the impact of mineral prices on the terms of trade, as well as mining-induced terms of trade impacts on the rest of the economy;

(c) Measurement of intermediate consumption in the mining industry, including energy inputs;

(d) Measurement of mining gross operating surplus;

(e) Measurement of mining inventories;

(f) Measurement of mining fixed capital investment (for example, current and expected expenditure, capital stock, capital services, consumption of fixed capital expenditure);

(g) Measurement of financial investment (including foreign investment, both direct and portfolio) and associated incomes, including retained earnings;

(h) Measurement of impact of mining on trade statistics, including coherency with production statistics;

(i) Measurement of mineral exploration, discoveries and sub-soil reserves;

(j) Measurement of the impact of mining on government finances, including measuring of taxes on mining;

(k) Measurement of productivity in the mining industry;

(l) Measurement of construction activity associated with the mining industry;

(m) Measurement of impact of mining on transportation;

(n) Measurement of other economic activity to support the mining industry, including role of input-output analysis;

(o) Measurement of 'down-stream' economic impacts of mining, including the manufacturing of mineral products;

(p) Measurement of infrastructure to support mining activity;

(q) Measurement of mining impact on national income, including balance of payments incomes associated with mining and measures of real gross domestic income and real net national disposable income;

(r) Measurement of national wealth;

(s) Measurement of impact of mining on regional economies (including regional prices and regional housing markets);

(t) General measurement issues, including dealing with multinational enterprises, dealing with confidentiality issues, correction of 'off year' reporting, ensuring coherence of information from different sources and consistency thereof, by developing a coordinated approach to large mining projects, measuring informal mining activity);

(u) Measurement of the procurement of nationally produced goods and services;

(v) Standardization of units of measure; and

(w) Including related issues that emerge during considerations or requested by the steering committee.

20. Stream 3: Develop methodologies and indicators for assessing the impact of mining industry on the social sector

21. This stream is grouped into four categories to enable appropriate expertise to be engaged.

(a) Labour force

(i) Measuring employment in the mining industry;

(ii) Measuring the demographic characteristics of the mining labour;

(iii)Measuring employment in mining-related activities;

(iv)Measuring of the impact of the supply of labour on other parts of the economy due to changes in the demand for labour from the mining industry.

(b) Income

(v) Measuring mining wages and salaries, total and averages;

(vi)Measuring the distribution of mining incomes, including gender distributions.

(c) Health and productivity

(i) Measuring workers conditions and industrial relations in the mining industry;

(ii) Measuring mining skills and capabilities, including job vacancies skill shortages;

(iii)Measuring the impact of mining on workers' health and the health of the community generally.

(d) Measuring the impact of mining on social issues

(i) Measuring fly-in/fly-out and drive-in/drive-out workers, including impacts on demands for social services;

(ii) Measuring internal and international migration flows associated with mining (including remittances);

(iii) Measuring the impact of mining on poverty;

(iv) Measuring social impacts of population dislocation associated with mining activity;

(v) Measuring the impact of mining on education and training.

(e) Including related issues that emerge during considerations or requested by the steering committee.

22. Stream 4: Develop practical recommendations for measuring the impact of the mining industry on the environment

(a) Measurement of the direct and indirect demand from the mining industry for environmental inputs, both market and non-market, incorporating measurement in terms of value;

(b) Harmonization of definition for indicators reflecting internal and international needs;

(c) Measurement of emissions (air and water) and waste products from the mining industry;

(d) Measurement of damage to land (including agricultural land) and ecosystems from mining activity and any subsequent rectification activity;

(e) Measurement of the sustainability of mining activity;

(f) Measurement of the environmental impact of economic activity 'downstream' from the mining industry;

(g) Measurement of the impact of mining on green growth and the green economy; and

(h) Including related issues that emerge during considerations or requested by the steering committee.

IV.   Action to be taken by the Commission

23. The Commission may wish to express its views on the above work programme and the terms of reference of the UB Group presented below.

A.   Terms of Reference

24. The UB Group will play a leadership role in defining international best practices in statistical measurement for economies based on natural resources. As part of its role the objectives of the group will:

> (a) Play a leading role in developing methodological and practical guidelines and recommendations by pooling best theoretical and methodological practices, in order to rationally track mining industry activities and accurately measure and assess the industry's contribution to the economy and its impact on social sectors and the environment within the framework of the System of National Accounts;
>
> (b) Serve as a forum for sharing the expertise of national and international statistical organizations and other interested parties;
>
> (c) Collaborate with the United Nations and other agencies on developing and improving statistical methodologies and standards for statistics on natural resources and provide support in this area;
>
> (d) Develop practical manuals and recommendations that ensure coverage and the reliability, accuracy and relevance of statistical data and that are based on best practices, to support the efforts made by countries with large mining sectors to implement the *System of National Accounts*, and the System of Environmental-Economic Accounting and the revised Framework for the Development of Environmental Statistics. This would include implementing the latest version of International Standard Industry Classification as the appropriate industry classification for the mining industry.

The group will also consider the following issues:

(a) Confidentiality;

(b) Appropriate outcomes, such as implementation of best practice as described in any manuals produced; and

(c) Data collection strategies.