

TWINNING CONTRACT

AZ/16/ENI/ST/01/19 (AZ/53)

**Support to the State Statistical Committee and the State Tax Service under
the Ministry of Economy to
strengthen collection, harmonization, analysis, publishing and
dissemination of business statistics**



MISSION REPORT

Activity 2.2.A

Activity Title: Introduction to Business Demography

Component 1: A unified approach for improved quality of information exchange with the State Tax Service under the Ministry of Economy databases is implemented

Mission carried out by

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2-30 March 2021

Via: Online Activity: Webex videoconferencing app

Version: Final

Twinning Project: AZ/16/ENI/ST/01/19 (AZ/53)

“Support to the State Statistical Committee and the State Tax Service under the Ministry of Economy to strengthen collection, harmonization, analysis, publishing and dissemination of business statistics”

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This project is funded by
the European Union

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List of Abbreviations

AZ	Azerbaijan
BC	Beneficiary Country
BD	Business Demography
EBS	European Business Statistics
EC	European Commission
EU	European Union
MS	Member State
NACE	Nomenclature générale des Activités économiques dans le Communautés européennes NACE is the industrial classification of units dealing in economic activities
RS	Remote Sessions
RTA	Resident Twinning Adviser
SRSU	State Register of Statistical Units
SSC	State Statistical Committee
STS	State Tax Service under the Ministry of Economy
ToR	Terms of Reference



1. General comments

This mission report was prepared within the EU Twinning Project “Support to the State Statistical Committee and the State Tax Service under the Ministry of Economy to strengthen collection, harmonization, analysis, publishing and dissemination of business statistics”. It was the first mission to be devoted to Business Demography statistics within Component 1, Result 2 within Activity 2.2.A of the project.

The purposes of the mission were:

- Capacity building in Business Demography (BD) Statistics Production; missing indicators determined

The consultant would like to express his/her thanks to all officials and individuals met for the kind support and valuable information which he/she received during the stay in Azerbaijan (or Remote Sessions and which highly facilitated the work of the consultant.

This views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, SSC, STS, SME-Agency, Statistics Finland, Statistics Lithuania, Statistics Netherlands, Statistics Denmark and HAUS.

2. Status at the beginning of the mission

Activity 2.2.A was carried out on four Remote Sessions (RS - WebEx meetings). Last RS presented the observations made during the previous sessions and translated into proposals for improvement of the process, whereas the RS's before focused on analysing the situation in STS and SSC and presenting best practices out of MS.

- SSC does not calculate BD in Azerbaijan currently, but certain BD indicators are calculated for the surveys by OECD
- There are quarterly social indicators report and separate section dedicated to entrepreneurship where number of the closures and registrations are calculated on quarterly basis
- National Accounts conducts calculation on survival rate of some companies for different years based on registration and cessation dates.
- The main problem is that the SSC does not have accurate information even for OECD surveys
- The population of the legal entities is covered in SRSU. Individual enterprises/ physical persons are included in the register only on the sample basis before the year 2018. The treatment of these individual enterprises in SRSU is different from the legal persons and there may be some confidentiality issues involved in the use of this data for BD purposes (Mr. Ajalov will sort this out). The data content of the individual enterprises is also much narrower than with legal persons.
- IT-department is responsible for producing required output tables requested by the sector departments. Today the sector staff does not do any programming by themselves.
- SSC is currently changing the database product from Norton to Oracle.

3. Status of mission results

- Eu recommendations concerning the BD statistics was presented accompanied by the country experiences from Lithuania and Finland
- Preliminary study of the BC data in SRSU was carried out, and the suitability of the data for BD purposes was analysed



- Information and documentation on all mandatory and voluntary BD data series were presented accompanied by the presentation of the already existing data produced by EU member states in Eurostat database. Highlighting its importance for the decision-making process and different research areas.
- The initial implementation plan for BD indicators was discussed during the meetings and the timing of the activities will be clarified further during the next BD activity (2.2.B in June 2021).
- Mission report

4. Sustainability of the achievements

All parties agreed on the Activity analysis. Should the need arise, adjustments can be made later through the rolling work plan.

5. Recommendations for the future (short and long term)

- The work with the BC BD statistics will continue next mission 2.2.B. This mission includes the treatment of the AZ data for BD purposes.
- SSC should make decisions concerning how the BD statistics development and production will be organised inside of SSC in near future.
- In the long term the coverage of SRSU should be improved so, that also the independent entrepreneurs (natural persons carrying out businesses) would be covered annually by using different administrative data.
- The development of the BD indicators should be started excluding individual enterprises (sole proprietors and other natural persons) from the calculations. There are some open issues regarding the coverage and quality of the data concerning these units, so BD series legal form SP (sole proprietors) will be marked as non-available for the time being.

6. Identification of needs for additional support

- The BC should be able to implement recommendations given in component 1 without additional support.

7. Outstanding issues

- There are no specific outstanding issues. Covid-19 will prevent on-site missions in near future. Working with remote sessions is less efficient than face-to-face meetings.



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Annex 1. Terms of Reference

Terms of Reference

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Support to the State Statistical Committee and the State Tax Service under the Ministry of Economy to strengthen collection, harmonization, analysis, publishing and dissemination of business statistics

**Component 1: A unified approach for improved quality of information exchange with the State Tax Service under the Ministry of Economy databases is implemented
2 – 30.3.2021 Hosting institution: Remote Session via Webex**

Activity 2.2.A: Introduction to Business Demography

Result 2: A business case for compliance of the statistical units in the SRSU developed

Indicators of achievement

2.1.1 The business case elaborated and the methodological guideline with amendments/proposals and a roadmap developed for compliance of statistical units in the SRSU, presented and disseminated.

2.1.2 Use of administrative data sources for maintaining and updating the SRSU improved.

2.1.3 Recommendations given for alignment of the statistical units in the SRSU with the Council Regulation (EEC) No 696/93.

Prerequisite: 2.1.A

This activity will be carried out in 4 Remote Sessions, replacing a 4 Working Day’s mission.

Purpose of the activity

- Capacity building in Business Demography (BD) Statistics Production; missing indicators determined

Expected Outputs of the Activity

- BD in theory and practices, EU best practices and MS experiences
- BD Series and indicators
- Analysis of current state in BC on BD
- Analysis of the SRSU data for the needs of the BD indicators
- Mission report

Resources

State Statistical Committee (SSC)

- Mr. Togrul Ajalov – Head of sector for work with registers of statistical units and administrative information sources, Deputy Head of Department
- Ms. Shafa Garayeva- Chief Advisor of sector for work with registers of statistical units and administrative information sources
- Mr. Hamid Kalantarli- Leading Advisor of sector for work with registers of statistical units and administrative information sources
- Ms. Nargiz Chalabi- Advisor of sector for work with registers of statistical units and administrative information sources



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- Ms. Shabnam Garayeva- Leading advisor of sector for metadata and classification
shabnam.garayeva@stat.gov.az
- Mr. Fuad Gojayev- Chief advisor of sector for metadata and classifications
- **State Tax Service under the Ministry of Economy (STS)**
- Mr. Telman Mammadov, *Chief State Tax Inspector of Economic Analysis Main Department*
- Mr. Elvin Alizade, *State Tax Inspector*
- Mr. Hidayat Huseynzada, *State Tax Inspector*

MS Experts

- Mr. Timo Laukkanen, *Senior Statistician, CLI, Statistics Finland*
- Mr. Maksim Lata, *Advisor of Economic Entities Register division, Statistics Lithuania*
- Ms. Sini Liukkonen, *Senior Statistician, Statistics Finland (Observer)*

Twinning Project Administration

- Mr. Ville-Matti Pilviö, RTA
- Ms. Gultakin Babayeva, RTAA
- Mr. Tarlan Arzumanov, Language Assistant

Agenda

Day/Time	Place	Event	Purpose / Details
2.3.2021 10:00-13:00	Tuesday Baku	Webex	Remote Session 1
			Opening, Introductions, Mission Agenda and Schedule, the working methodology BD: EU recommendations Agreement of tasks by participants for next RS
9.3.2021 10:00-13:00	Thursday Baku	Webex	Remote Session 2
			MS country experiences on BD Current state in BC on BD Agreement of tasks by participants for next RS
16.3.2021 10:00-13:00	Tuesday Baku	Webex	Remote Session 3
			BD Series and indicators Identification of BC AD sources for BD indicators Agreement of tasks by participants for next RS
30.3.2021 10:00-13:00	Thursday Baku	Webex	Remote Session 4
			Analysis of the SRSU data for the needs of the BD indicators Presentation of MS experts' findings Agreement on proposed implementation plan Next steps and Next Mission content Agreement on summary mission report



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