

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 4.1.A

Activity Title: Current and target state of structural business statistics (SBS)

Component 2: The production of business statistics/ SME statistics in terms of content and organization is upgraded

Mission carried out by

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7-27 January 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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List of Abbreviations

AZ	Azerbaijan
BC	Beneficiary Country
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 redesigning the structural business statistics (SBS) within Component 2, Result 4 within Activity 4.1 of the project.

The purposes of the mission were:

- Result 4: Business Statistics (BS) in Azerbaijan redesigned.

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 4.1 was carried out on four Remote Sessions (RS - WebEx meetings). The 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.

- Currently, the SBS is not centralized in the SSC and the indicators are prepared by the following structural units of the Committee:
 - Department of National Accounts and Macroeconomic Indicators Statistics;
 - Coordination of statistical work and strategic planning department;
 - Department of Industry and Construction Statistics;
 - Department of Trade Statistics;
 - Service Statistics Department;
 - Department of Labor Statistics.

SBS is covered through observations on SBS, activities of market producers - statistical units classified by sections B-N and P-S of the NACE rev.2 classification. Most of the indicators described in Regulation (EC) No. 295/2008 of the European Parliament and the Council of 11 March 2008 are being prepared. Indicators which are not typical for the country's economy such as the activity of private pension funds, special indicators that are typical for the EU, as well as insurance, banking sector, financial market instruments, etc. are exceptions. Mr. Suleymanov mentioned that the data sources of SBS are:

- Statistical surveys of legal entities and their local units;
- statistical examinations of individuals engaged in entrepreneurial activity without establishing a legal entity;
- Business Register information;
- State Tax Service;
- Central bank.



Mr. Suleymanov emphasized that SBS indicators are formed based on survey data of non-financial institutions, credit and insurance organizations, non-financial enterprises-legal persons and their units.

Mr. Suleymanov continued with the SBS methodology and classification. The methodological basis for the development and dissemination of SBS is as follows:

- Principles and concepts reflected in the relevant EU regulations;
- Methodical recommendations and instructions of international organizations in the field of SBS.

National versions of NACE rev.2 and CPA-2008 classifications are used to develop SBS. The quality and comparability of the data is ensured using a special software product - "Quality Control Tables", which ensures the detection of errors and inconsistencies in the data collected from respondents. Compared to standard software tools, this product is more flexible and better adapted to the structure of existing databases.

3. Status of mission results

- During the mission, the Short Term Experts (STE) presented the current SBS EU regulations, which have just recently been altered due to the new legislation of the European Business Statistics.
- The presentation was also based on the methodological guideline for the SBS production system, which was only at a draft state, at the time of the mission.
- The STEs also presented the experience and best practices of the production systems in two EU member states – Lithuania and Denmark. To give a benchmark for a possible to be situation. Even if there were differences between the systems, there were far more similarities.
- Based on input from the STEs, the BC presented the availability of data needed to comply with the EBS (country level and region statistics). An analysis was facilitated to identify the gaps between the current state and the requirements.
- During the mission there were vivid discussions on the use of administrative data (AD). The SSC stated that design of SBS is one of the most important expected result of this project. Main potential AD source is the STS. Currently, the SSC does not use any STS data in enterprise statistics excluding business register. There is a clear understanding of the advantage of using AD based on the presentations made by the STE. That’s why the SSC will take specific steps in order to apply same principles within the project.
- At the end of the mission, the participants agreed on the 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.

The project have a strong intention, to start using administrative data in the production of SBS statistics, and will work on a sustainable production system throughout the component.

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

- The STE recommends that the SSC moves towards a common database, where data elements for business related data is stored in a centralised depository where all departments share their data at micro level.
- The STEs recommend, that the SSC reviews the possible new AD that can be found for business based on the tax statements from the STS



- The STEs recommend that the SSC and STS reach an agreement for exchanging pilot data for analytical purposes in the very short term, and an agreement for more permanent data deliveries in the medium to long term.
- The STEs recommend that the SSC discusses between the business statistics department and the statistical business register if there are problems with identifying the local units that corresponds to a legal unit, and thereby to an enterprise.

6. Identification of needs for additional support

- The BC will work further on these recommendations in collaboration with the STEs on the coming activities of this component.

7. Outstanding issues

- There are no outstanding issues in light of the objectives of this particular activity.



Annex 1. Terms of Reference

Terms of Reference

EU 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

Component 2: The production of business statistics/ SME statistics in terms of content and organization is upgraded

7– 27/1/2021 Hosting institution: Remote Session via Webex

Activity 4.1.A: Current and target state of structural business statistics (SBS)

Result 4: Business Statistics (BS) in Azerbaijan redesigned

Indicator of Achievement:

4.1.1 The methodological documents related to the BS with a list of missing variables and their publication identified and elaborated.

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

Purpose of the activity

- Result 4: Business Statistics (BS) in Azerbaijan redesigned

Expected Outputs of the Activity

- Presentation of SBS EU recommendations and MS experiences
- Identify current and target state of SBS in BC, Gap analysis
- Identifying possible administrative data sources (legal entities and physical persons) for SBS
- Mission report

Resources

State Statistical Committee (SSC)

- Mr. Nuru Suleymanov, Department of National Accounts and Macroeconomic Indicators Statistics, Head of Department
- Ms. Sevinj Fattahova, Enterprise statistics sector, sector manager
- Mr. Togrul Ajalov, Head of sector for work with registers of statistical units and administrative information sources, Deputy Head of Department

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

Small and Medium-Sized Enterprises Development Agency

- Mr. Ilkin Aliyev, Coordinator for Projects

MS Experts

- Ms. Antanina Valiulienė, Head, Enterprise Statistics Division, Statistics Lithuania
- Mr. Jesper Moltrup-Nielsen, Chief Adviser, Statistics Denmark (jmn@dst.dk)
- Ms. Saara Roine, Component 2 Leader, Head of Development, Statistics Finland (RS4 only)



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Twinning Project Administration

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

Agenda

Day/Time	Place	Event	Purpose / Details
7 January 2021 10:00-13:00 Baku	Webex	Remote Session 1	SBS EU regulations and recommendations Current content of SBS in Azerbaijan Gap analysis Agreement of tasks by participants for next RS Preparations for next RS (Homework)
13 January 2021 10:00-13:00 Baku	Webex	Remote Session 2	MS Experiences and best practices on producing SBS Agreement of tasks by participants for next RS Preparations for next RS (Homework)
22 January 2021 10:00-13:00 Baku	Webex	Remote Session 3	Identifying possible administrative data sources (legal entities and physical persons) for SBS Discussion with STS (AD sources) Agreement of tasks by participants for next RS Preparations for next RS (Homework)
27 January 2021 10:00-13:00 Baku	Webex	Remote Session 4	Identifying next steps with administrative data Tasks to be completed before next activity Next activity content Main findings to an activity report



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