

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.B

Activity Title: Compilation of Business Demography (BD) 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

Mission carried out by

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1-22 June 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
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 second mission to be devoted to Business Demography statistics within Component 1, Result 2 within Activity 2.2.B 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.B 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.

- The previous mission 2.2.A on Business Demography focused on the basics of the BD statistics and presented the concepts, BD indicators and rules for compiling these, EU regulation and country experiences in this field
- After mission 2.2.A it was evident that the practical demonstration with the BC data would not be possible due to security restrictions on BC data and missing IT resources. The demonstration was agreed to be carried out in Excel with pseudo data compiled by the experts.

3. Status of mission results

- The goal of the mission was to demonstrate practical rules and data processing required for producing the BD indicators.
- Pseudo data with common business register variables was created in Excel for the demonstration.
- Excel is by no means an appropriate tool for compiling BD indicators and this was stressed in conversations with BC participants.
- Different steps in data processing was done with Excel formulas and operations such as sorting the data. The demo Excel file was provided for BC for later use in studying and programming further the BD statistics. Data processing steps was also documented in PowerPoint notes referring to the demo data, it's row-, column- and cell addresses.
- The required variables and steps were done for so called common series, employer series and high-growth series. For avoiding too complex Excel formulas, some simplifications were made and explained in the data processing.
- BC has repeated this rehearsal with the AZ data. Some of the preliminary figures were screened during the last meeting. BC will continue checking the result and compare these results to published business statistics figures.
- The Activities Draft Mission report was reviewed.



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.

- Some programming skills of the statistical personnel (sectors) would be a great advantage in BD work. Relying only on IT-department work when verifying the different BD events and variables is not sufficient in the long term.
- The restrictions of the data use (individual entrepreneurs) for different statistical purposes should be resolved.

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

- BC should Finish the AZ Excel rehearsal for finding coherent results with the existing statistics (number of active enterprises and number of employees in these).
- Start working with the real Azerbaijan BD data with the help of the IT-department. Working with real data will give more insight to BD work and most likely trigger new questions and new solutions to problems.
- Build up the IT and programming skills of the statistical personnel in the long run. Selection of the tools will be required before this. Good combination for BD could be using R and SQL-programming.
- In the long term the coverage of SRSU should be improved so that the independent entrepreneurs (natural persons carrying out businesses) would be also covered annually by using different AD.
- In the long term join the OECD-EU work and working group on business demography. This is the best way to follow the latest development of BD.

6. Identification of needs for additional support

- IT training for statistical personnel will be required. The project will study if the R training can be organised as a part of the current project.
- There may arise a need for some additional support in BD domain, when BC starts working with the real data derived from SRSU. Optional mission 2.2.C may be the appropriate tool for this if possible as an on-site mission.

7. Outstanding issues

- There are no outstanding issues



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 1: A unified approach for improved quality of information exchange with the State Tax Service under the Ministry of Economy databases is implemented
1-22 June 2021 Hosting institution: Remote Session via Webex**

Activity 2.2.B: Compilation of Business Demography (BD) statistics

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: 2.2.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: Composing selected indicators based on SRSU data
- BD Series and indicators
- Roadmap for BD statistics (how to create missing 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
- Ms. Shabnam Garayeva- Leading advisor of sector for metadata and classification
- Mr. Fuad Gojayev- Chief advisor of sector for metadata and classifications

State Tax Service under the Ministry of Economy (STS)



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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”

- Mr. Telman Mammadov, *Chief State Tax Inspector of Economic Analysis Main Department*
- Mr. Elvin Alizade, *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*

Twining Project Administration

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

Agenda

Day/Time	Place	Event	Purpose / Details
1.6.2021 10:00-13:00	Tuesday Baku	Webex Remote Session 1	Opening, Introductions, Mission Agenda and Schedule, the working methodology Composing selected indicators based on SRSU data Agreement of tasks by participants for next RS
7.6.2021 10:00-13:00	Tuesday Baku	Webex Remote Session 2	Composing selected indicators based on SRSU data Agreement of tasks by participants for next RS
16.6.2021 10:00-13:00	Wednesday Baku	Webex Remote Session 3	Composing selected indicators based on SRSU data Agreement of tasks by participants for next RS
22.6.2021 10:00-13:00	Tuesday Baku	Webex Remote Session 4	Composing selected indicators based on SRSU data 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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