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 4.2.A

Activity Title: Utilizing administrative data in SBS part 1

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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3-29 March 2021

Via: Online Activity: Webex videoconferencing app

Version: Final

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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

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1. General comments

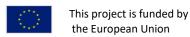This mission report was prepared within the EU Twinning Project "Support to the State Statistical Committee and the State Tax Service under the Ministry of Economy to strengthen collection, harmonization, analysis, publishing and dissemination of business statistics". It was the first mission to be devoted to redesigning the structural business statistics (SBS) within Component 2, Result 4 within Activity 4.2 of the project.

The purpose of the mission was:

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

The consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which they received during Remote Sessions and which highly facilitated the work of the consultants.

The 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 4.2 was carried out on four Remote Sessions (RS - WebEx meetings). During the previous activity were presented that 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.

The SSC does not use any administrative data in enterprise statistics excluding some for business register. The main potential AD source is the STS. In the SSC, information collected on legal persons is based mainly on the survey questionnaires. Labor statistics department collects data on wages and salaries and other branches and departments collect appropriate data.

3. Status of mission results

- The activity started in circumstances where the prerequisite to have the test data from STS before the activity was not fulfilled.
- During the mission, the short-term experts (STE) presented the main steps/procedures of the mapping process and provided a practical mapping example of SBS, survey, and administrative data variables on employees.
- The STEs also presented the Framework of evaluation of administrative data (AD) quality approved in Lithuania. The definitions of two SBS variables (turnover and purchases of goods and services) and their analogues from Lithuanian AD (profit and loss accounts and VAT declarations) were compared and existing differences were identified.
- In the presentation, the STEs showed also some statistical analysis of how the differences in definitions for the turnover and purchases variables are detected/confirmed from the real Lithuanian data.

- Based on input from the STEs, the BC prepared and presented the table based on information from annual report forms mapped with STS variables. Survey variables were compared with variables from profit tax declaration, VAT declaration, simplified tax declaration for legal persons, income tax declaration, and VAT declaration for natural persons. Experts and BC counterparts discussed the connections in the table. SSC participants are still in a progress to clarify the statistical definitions of variables and identify if the STS uses the same definitions. More STS contributions at this stage are needed.

- During the mission, there were a few vivid discussions on the availability of STS data for pilot analysis. The theoretical comparison of definitions of variables from different sources must be combined with analysis of real data. Only results of that statistical analysis might confirm if the STS data are usable for the production of SBS. Moreover, the analysis of real data is useful for the detection of less evident relationships between variables.

- Currently, there is no evident progress regarding the availability of pilot data important for the project. On the other hand, Mr. Mammadov proposed to use approximated/modified data of 100 legal units. That data would be modified (by adding random errors up to 5% of the value) due to confidentiality reasons. However, it has been resumed by the participants that this method is hardly useful because then the differences between the variables cannot be properly identified. Mr. Mammadov informed that he discussed the proposed pilot data request solution with his superiors. They have decided to send an official letter to management in order to cover all project needs. The excel file prepared by the twinning team has been shared with BC PL and other members. The file explains test data needs per result and per component.

- Since the availability of STS data is crucial for the goals of this activity and the project, the postponement of the next activity 4.2.B was discussed. The idea of Mr. Suleymanov was that, as an output of the next activity, STEs may prepare proposals or recommendations for the future. However, following the opinion of STEs, purely theoretical comparisons/expertise, as well as proposed algorithms, are not sufficient because they may not fit the real data. STEs would prefer to participate in tests with the pilot data and they are ready to help to explain practical steps in that work. Two options were mentioned to proceed in the current situation: 1) postpone the next activity and wait for the test data; 2) rewrite the Terms of Reference for the activity in case if the data from the STS are not received. Mr. Suleymanov commented that the SSC requests from the STEs to provide practical recommendations in the framework of this project. In this regard, the acquisition of STS data is important. If we will not be able to receive STS test data, it is under question how the project will be continued and the presence of STS in this project became less important than expected. He agreed with a postponement of activity 4.2.B.

- SSC has sent the list of requested data to the responsible officials of the STS. The requested materials will be discussed with the SSC officials and then a letter will be prepared and submitted to management for provision of test data in the framework of this twinning project. If the answer will be positive, the data will be provided to SSC before June.

- 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 has 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 STEs recommend that the SSC and STS should work to reach an agreement for exchanging pilot data for analytical purposes in the very short-term and agree on permanent data deliveries in the medium to long term.
- The STEs recommend that the SSC should finalize the list of annual survey variables reflecting the SBS needs.
- The STEs recommend that the SSC with the contribution of STS should continue mapping and comparison of definitions of variables and identify differences;
- The STEs recommend that the SSC should make a comparison of a unit and classification definitions used in STS and SSC surveys and identify the differences.
- The STEs recommend postponing the next activity 4.2.B until the STS data will be available for the pilot analysis and the SSC will be ready to do data tests together with STEs.

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

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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
3-29 March 2021 - Hosting institution: Remote Session via Webex

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Activity 4.2.A: Utilizing administrative data in SBS part 1

Result 4: Business Statistics (BS) in Azerbaijan redesigned
Indicator of Achievement:
4.1.2 The roadmap on integration of business surveys into the new model as a methodological document with necessary amendments/proposals is drafted, adopted and disseminated

Prerequisite: 4.1.A & Test data from STS available

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

- Studying and mapping the test data
    - Mapping administrative data to variables
    - Quality analysis: Identifying data quality problems. Comparing administrative and statistical concepts
    - Gap analysis: Identifying missing variables, units, activity classes etc.
- Mission report

Resources

State Statistical Committee (SSC)

- Nuru Suleymanov, Head National Accounts and Microeconomic Indicators Statistics
- Sevinj Fattahova, Enterprise statistics sector, sector manager

State Tax Service under the Ministry of Economy (STS)

- Telman Mammadov, Chief State Tax Inspector of Economic Analysis Main Department
- Elvin Alizada, State Tax Inspector

SME Agency

- Ilkin Aliyev, Coordinator for Projects

MS Experts

- Ms. Antanina Valiulienė, Statistics Lithuania
- Mr. Andrius Čiginas, Statistics Lithuania

Twinning Project Administration

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

Agenda

Day/Time	Place	Event	Purpose / Details
3.3.2021 10:00-13:00 Baku	Webex	Remote Session 1	Studying and mapping the supplied test data Mapping administrative data to variables Agreement of tasks by participants for next RS Preparations for next RS (Homework)
15.3.2021 10:00-13:00 Baku	Webex	Remote Session 2	Quality analysis: Identifying data quality problems. Comparing administrative and statistical concepts Agreement of tasks by participants for next RS Preparations for next RS (Homework)
19.3.2021 10:00-13:00 Baku	Webex	Remote Session 3	Gap analysis: Identifying missing variables, units, activity classes etc. Agreement of tasks by participants for next RS Preparations for next RS (Homework)
29.3.2021 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

This project is funded by the European Union