

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 5.3.A

Activity Title: Assessing new candidates for SME indicators

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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20th of May-10th of 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
EBS	European Business Statistics
EC	European Commission
ESS	European Statistical System
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 Twining 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 third mission to be devoted to the preparation, presentation and dissemination of Annual SME statistics report supported in line with EU/OECD definitions within Component 2, Result 5 within Activity 5.3.A of the project.

The purposes of the mission were:

- Outline and Tabulation Plan of the Annual SME Statistics report determined, discussed and agreed with the SSC, the State Tax Service under the Ministry of Economy and the SME Agency

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

The list of new indicators to be included into the Annual SME statistics report was set in the two preceding activities. The target was set for both short term (this year’s report) and to still uncertain or longer-term. The list was annexed to the mission reports of previous activities (5.1.A and 5.2.A). The target was still unclear for the export and import related indicators. It was not clear whether the customs data could be provided for the SMEs. The export indicators were among the most urgently needed by the SME-Agency.

Also the possibilities of using administrative data for the production of the SME indicators had been investigated in the previous activity. It was found that the State Tax Service could provide data for the majority of SME indicators. The State Tax Service had just recently provided test data for SSC and it had been preliminarily studied under another result of the twinning project.

3. Status of mission results

Source data status check

The mission started with assessing the current situation of the source data. SSC reported that despite the prevailing pandemic the business surveys had been conducted in fairly normal way. Regarding the new administrative sources the progress achieved varied:

- **State Tax Service** had been able to provide test data for the SCC. The data has been provisionally studied and seems very promising. Some differences have been found between SCC survey data and tax data, which appear to be caused mainly by different categorisation. The comparisons are still on-going.
- On the other hand, the negotiations with the **State Customs Committee** has not yet been as successful. The possibilities to provide data for the SMEs were still under negotiation on the expert level. No official requests had yet been made.

Confirmed list of indicators for the next SME report

SCC confirmed that no changes have been made to the short-term targets. The work is progressing as expected and at the moment it seems that the around 20 new indicators could be included in this year’s report. This would make the



report content very comprehensive. Mr. Valiyev requested that the indicator on share of SMEs in national GDP would also be added to the SME report. This is possible as this indicator has been part of the previous reports.

Plan for communication on quality issues

The quality reporting topic was launched with a short reference to the European Statistical System (ESS) guidelines of quality and metadata reports. SCC has already used the ESS guidelines to prepare reports for some statistical indicators. For the SME indicators the metadata is not yet fully covered and not translated into English. The planning phase and work is currently ongoing. STEs provided examples of the Finnish practices for communicating to the users about the relevant information regarding the statistics: descriptions, concepts, quality information etc. It was also discussed how the changes in statistics could be communicated to the users in an informative way.

Outline and Tabulation Plan

To inspire the planning of the report content, several different statistical SME publications from other countries were studied. There is definitely not one single best practise as publications vary a lot. What was singled out for considerations were:

- SCC could consider choosing a set of key indicators to be highlighted in the report. The expertise of SME Agency is relevant in this work. It could be informative to present
 - some key indicators also as shares from totals
 - key indicators change over time
- A description and analysis of the SMEs could be added.
- More information on quality and a more comprehensive metadata should be considered.
- Adding more visualisation (both graphs and geographic visualisations) would make the data easier to interpret.

The tabulation plan will be discussed in a bilateral meeting organised between SME Agency and SSC shortly after the activity. A preliminary outline on what kind of new content to add to the report will be prepared shortly after that. It will be based on the discussions held during the activity and on the bilateral meeting. For instance, some of the old tables were found rather long and not very user friendly. STEs suggested that the tabulation plan could vary depending of the publication channel. In pdf format rather compact tables are the optimum as with excel and ASIS a more complex and data rich tables could also be provided.

Other topics

The different treatments and definitions used in Structural Business Statistics (SBS) and National Accounts had been a reoccurring topic during the previous activities. This time a more thorough presentation was made to present these differences. Emphasis was put into the indicators *value added* and *employee benefit expenses*. The differences in calculations can be rather notable between the statistical domains as one practical example provided from Statistics Finland. Additionally, some of the definitions for SBS have just recently changed as the new European Business Statistics (EBS) regulation has entered into force.

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)

Short-term recommendations:

- SSC might consider providing as long time series as possible. That means as many years as the new SME definition has been in use.
- SCC might consider to start preparing the descriptive text and metadata for the report if possible, timewise.
- Also the preliminary plan for the SME report outlined in this activity could be further reflected and if needed, also enhanced during the summer. If some additional content (for example new tabulation or adding more metadata) is found useful but there is not enough time to add it to the next SME report, it is suggested to make a stepwise plan for adding new items or features. The change can be gradual to ease the workload for SSC.
- SME Agency might consider if they have further ideas or suggestions for the next SME report and communicate these to the SSC.

Mid-term/long-term recommendations:

- The negotiations for obtaining the export and import data with either SME breakdown or (preferably) on company level (microlevel) should be continued with the State Customs Committee.

6. Identification of needs for additional support

The BC should be able to implement these recommendations, but the project will follow up on progress during the following activities.

7. Outstanding issues

There are no specific outstanding issues.



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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

20th of May-10th of June 2021 Hosting institution: Remote Session via Webex

Activity 5.3.A Assessing new candidates for SME indicators

Result 5: The preparation, presentation and dissemination of Annual SME statistics report supported in line with EU/OECD definitions

Indicator of Achievement:

5.1.1 SME Indicators with a list of indicators expanded in line with EU/OECD definitions.

5.1.2 Suitability (quality) of available data for use for production of SME statistics purposes (e.g. the extent to which administrative concepts match data requirements, timeliness and quality of the data, security and continuity of data supply) determined.

5.1.3 Outline and Tabulation Plan of the Annual SME Statistics report determined, discussed and agreed with the SSC, the State Tax Service under the Ministry of Economy and the SME Agency

Prerequisite: 5.2.A

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

Purpose of the activity

Result 5: The preparation, presentation and dissemination of Annual SME statistics report supported in line with EU/OECD definitions

Expected Outputs of the Activity

- Source data status check
- Confirmed list of indicators for the next SME report
- Plan for communication on quality issues
- Mission report

Resources

State Statistical Committee (SSC)

- Nuru Suleymanov, Department of National Accounts and Macroeconomic Indicators Statistics, Head of Department
- 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 of Economic Analysis Main Department

Small and Medium-Sized Enterprises Development Agency

- Tural Valiyev, Head of Strategy and Corporate Development Division of Secretary of SMEA



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MS Experts

- Ms. Ulla Virtanen, Senior Statistician, Statistics Finland
- Ms. Merja Myllymäki, Senior Statistician, Statistics Finland
- Ms. Saara Roine, CL2, Statistics Finland (RS4 only)

Twinning Project Administration

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

Agenda

Day/Time	Place	Event	Purpose / Details
20/5/2021 10-13 Baku	Webex	Remote Session 1	Checking the status of source data Confirming the list of indicators to be included in the next SME report
27/5/2021 10-13 Baku	Webex	Remote Session 2	Examples and a plan for quality communication
3/6/2021 10-13 Baku	Webex	Remote Session 3	Outlining the next SME report
10/6/2021 10-13 Baku	Webex	Remote Session 4	Identifying next steps Tasks to be completed before next activity Next activity content Main findings to an activity report



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