

# **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 1.1.A**

**Expert assessment of the current situation as regards the State Tax Service under the Ministry of Economy (STS) data transmission process and update process of the State Register of Statistical Units (SRSU)**

**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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## **List of Abbreviations**

AZ	Azerbaijan
BC	Beneficiary Country
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 Expert assessment of the current situation as regards the State Tax Service under the Ministry of Economy (STS) data transmission process and update process of the State Register of Statistical Units (SRSU) within Activity 1 of the project.

The purposes of the mission was:

- Expert assessment of the current situation as regards the State Tax Service under the Ministry of Economy data transmission process and the update process at the SSC of the SRSU

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 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 1 was carried out on four Remote Sessions (RS - WebEx meetings). Last RS’s was dedicated to presenting 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.

## **3. Status of mission results**

- Review of the current work process in STS with common classifications and their need to use in-house classifications
- Overview of current SSC manual work required to fix ad-hoc changes in received classifications
- Methodologies of the STS and the SSC on the use of common classifications
- Requirements of the current AD delivery process to ensure the use of common classifications
- Recommendations for improved cooperation between STS and SSC in the field of use of classifications
- Mission report

## **4. Sustainability of the achievements**

All parties agreed on the Activity 1.1.A analysis. Should the need arise, adjustments can be made during the implementation phase through the rolling work plan.

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

### **Short term recommendations:**



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- Consider a feedback loop from SSC to STS regarding the updating classification codes in legal units (regular analysis of STS/SSC NACE codes, differences identified and data synchronized) – A contractual agreement on should be agreed on the feedback procedure.
- Consider a general update of the STS database (legal units and individual entrepreneur) with the last version (2019) of Administrative Territorial Division Classification
- Eliminate inconsistencies in STS databases regarding the last version (2016) of country code
- Consider during registration of legal units mandatory filling of country code if property type equals 4 and 5 (foreign property)

#### **Mid-term recommendations:**

- Update cooperation agreements with the exact versions of the classifications to be used
- Consider the use of business rules in the databases to prevent errors in input fields and to regulate mandatory inputs (where crucial input is needed) or conformity of input with specific classifications is vital
- Consider the use of additional fields/columns in the databases containing new information when classification updates have taken place, remaining old information in already present fields/columns

#### **Long term recommendations:**

- Consider clearly defining information and classification primary sources at a national level
- Set up a national board in AZ for suppliers and users of administrative data in order to arrange:
  - Strategic admin data affairs (management level)
  - Operational affairs (specialist level)

## **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 project.

## **7. Outstanding issues**

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

## **Annex 1. Terms of Reference**

## **Annex 2. List of Administrative Data Stakeholders**

Component 1\20201120\_Administrative information used in the SSC.docx



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