

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 2.1.A

Activity Title: Enterprises and Enterprise Groups

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

Mr. Timo Laukkanen, Statistics Finland

Mr. Søren Kristensen, Statistics Denmark

12-26 January 2021

Via: Online Activity: Webex videoconferencing app

Version: FINAL

Expert contact information

Mr. Timo Laukkanen

Senior Statistician, CL, Statistics Finland

Email: timo.laukkanen@stat.fi

Mr. Søren Kristensen

Chief Adviser, Statistics Denmark

Email: skr@dst.dk



Table of contents

1. General comments	4
2. Status at the beginning of the mission.....	4
3. Status of mission results	4
4. Sustainability of the achievements	5
5. Recommendations for the future (short and long term)	5
6. Identification of needs for additional support	5
7. Outstanding issues.....	5
Annex 1. Terms of Reference.....	6
Annex 2. List of component 2 activities with preliminary timing	Error! Bookmark not defined.

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 ‘A business case for compliance of the statistical units in the SRSU developed’ within Component 1, Result 2 within Activity 2.1 of the project.

The purposes of the mission were:

- To share information, EU recommendations and MS country experiences on the enterprise groups, enterprise group register and statistical unit enterprise
- Assessment of the current situation and plans in SSC concerning the enterprise group register and enterprises

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 2.1.A was carried out in five Remote Sessions (RS - WebEx meetings). The final 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.

- Enterprise groups and enterprises are not present in Azerbaijan's current statistical production
- SRSU contain information concerning the majority relations between the company's subordination codes but this information has not been used in statistics.
- STS data contain information on founders of legal entities and capital shareholders with percentage of companies. The bilateral agreement between the SSC and the STS cover also this information but so far, the delivered variable has been completely empty, due to data confidentiality issue in STS.

3. Status of mission results

- Delivered information of the EU recommendation, country experiences and best practices concerning the enterprise groups, enterprise group register and statistical unit enterprise
- Studied possible avenues for BC to implement the above-mentioned units and structures in their statistical production
- Recommendations and agreement how to proceed with the implementation. Enterprise group register is a pre-requisite for profiling activities, thus the EGR set-up is agreed as a primary effort.
- BC will start compiling the demo EGs and ‘chains of control’ with existing subordination code (majority link between companies)



- 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 data confidentiality issue in STS concerning the owners and shareholders and owning share percentages should be solved (the founders of legal entities and capital shareholders with percentage of companies). The access to this data is imperative for the set-up of the EG register in BC.

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

- Solve the data confidentiality issue mentioned above
- Outline way forward to implement changes in the BR structure and needed software changes for EGR
- Start building chains of control as an exercise aiming the set-up of the enterprise group register in BC
- BC can proceed with implementation of the statistical unit enterprise only after the establishment of the enterprise group register

6. Identification of needs for additional support

BC should be able to proceed the work with enterprise groups. This project will continue working with this result also in the near future.

7. Outstanding issues

There are no specific outstanding issues. Practical experience sharing might be needed, how to do this online with RS's? 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

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
12-26.01.2021 Hosting institution: Remote Session via Webex**

Activity 2.1.A: Enterprises and Enterprise Groups

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 696/93.1.1.3 Enhanced capacity of the staff of the State Tax Service under the Ministry of Economy and the SSC provided.

This activity will be carried out in 5 Remote Sessions, replacing a 4 Working Day’s mission.

Purpose of the activity

- Introducing Enterprise Groups (EG) and Profiling the Statistical Enterprise (ENT) in the Business Statistics Production Process (Prerequisite: 1.2.A)

Expected Outputs of the Activity

- Mission report

Resources

State Statistical Committee (SSC)

- Mr. Vugar Mammadalizade, *Head, Quality Management and Metadata*
- 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



Twining 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”

- Ms. Nargiz Chalabi- Advisor of sector for work with registers of statistical units and administrative information sources
- Ms. Lala Salamzada- Head of sector for metadata and classifications
- Mr. Fuad Gojayev- Chief advisor of sector for metadata and classifications

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*

SME Agency

- Mr. Ilkin Aliyev, *Coordinator for Projects*

MS Experts

- Mr. Timo Laukkanen, Senior Statistician, CL, Statistics Finland
- Mr. Søren Kristensen, Chief Advisor, Statistics Denmark

Twining Project Administration

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

Agenda

Day/Time	Place	Event	Purpose / Details
12.1.2021 Tuesday 10:00-13:00	Baku Webex	Remote Session 1	Opening, Introductions, Mission Agenda and Schedule, the working methodology Enterprise Groups (EG) EU recommendations Current state in BC on EG and EGR Agreement of tasks by participants for next RS Preparations for next RS (Homework)
14.1.2021 Thursday 10:00-13:00	Baku Webex	Remote Session 2	Enterprise Groups (EG) MS country experiences Identification of AD sources for EG's Agreement of tasks by participants for next RS Preparations for next RS (Homework)



This project is funded by the European Union

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”

19.1.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 3	Profiling statistical enterprise (ENT) ENT - EU recommendations Current state in BC on ENT and profiling Preparations for next RS (Homework)
21.1.2021 Thursday 10:00-13:00 Baku	Webex	Remote Session 4	ENT and profiling – MS country experiences Identification of AD sources Agreement of tasks by participants for next RS Preparations for next RS (Homework)
26.1.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 5	Presentation of MS experts’ findings Agreement on proposed implementation plan Agreement on Tasks to be completed before the next Activity for this Result and Next Mission content Agreement on summary mission report



This project is funded by the European Union