

# **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.B**

**Activity Title: Data sources and EG creation**

**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**

**4-25 February 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”**

Expert contact information

***Mr. Timo Laukkanen***

*Statistics Finland*

Email: [timo.laukkanen@stat.fi](mailto:timo.laukkanen@stat.fi)

***Mr. Søren Kristensen***

*Statistics Denmark*

Email: [skr@dst.dk](mailto:skr@dst.dk)



This project is funded by  
the European Union

## **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	<b>Error! Bookmark not defined.</b>

## **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 second 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:

- Identifying data sources, preliminary data acquisition and creating Enterprise Groups (EG) based on ownership data.

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

This views and observations stated in this report are those of the consultants 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.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 improvements, whereas the RS’s before focused on analysing the situation in STS and SSC and presenting best practices out of MS.

- The mission was a direct continuation of activity 2.1.A.
- Information about the EU recommendations regarding enterprise groups, the enterprise group register and the statistical unit enterprise as well as MS experience in regard to those areas was delivered to BC during activity 2.1.A.
- Various possibilities for implementing the Enterprise group in the statistical business register in Azerbaijan have been considered.
- It was agreed at the end of activity 2.1.A that BC would start compiling the demo EGs and ‘chains of control’ with the existing subordination code.

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

- An analysis of the administrative data with subordination showed that this data only had links for governmental units and therefore in its current form cannot be used as a point of departure for the creation of EGs
- Five large EGs have been selected for the manual creation of EGs based on public information available on web sites.
- It was decided that the possibility of obtaining administrative data regarding subordination or ownership from STS would be explored.
- A method to build an enterprise group register using direct links was demonstrated.
- The enterprise group register interfaces in the MS were demonstrated to exemplify what kind of information is stored and how the register can be used



- A trial run of the creation of an enterprise group was carried out by the BC in excel using web site information and shared with the experts
- Mission report

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

Through the presentations and the subsequent discussions, the BC has achieved a good understanding of the nature of the statistical unit “enterprise group” and of the methods to create an enterprise group register by using direct links. The BC has also started applying these methods for trial runs on a few very large enterprise groups. Getting access to relevant administrative data or other sources containing ownership links (e.g. financial reports) is, however crucial for the sustainability of the work.

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

- Solve the data confidentiality issue as referred to in the previous mission report
- Explore other alternatives to get data on links between legal units
- 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 should only proceed with implementation of the statistical unit enterprise 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.

## **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**

**4 – 25.2.2021 Hosting institution: Remote Session via Webex**

### **Activity 2.1.B: Data sources and EG creation**

**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.

#### **Prerequisite: 2.1.A**

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

#### **Purpose of the activity**

- Identifying data sources, preliminary data acquisition and creating Enterprise Groups (EG) based on ownership data.

#### **Expected Outputs of the Activity**

- Data sources identified for creating EG’s
- Preliminary data obtained for creating EG’s
- EG’s identified based on obtained data
- 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



## 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”

- 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. 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*

### MS Experts

- Mr. Timo Laukkanen, Senior Statistician, CL, Statistics Finland
- Mr. Søren Kristensen, Chief Advisor, Statistics Denmark (skr@dst.dk)

### Twining Project Administration

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

### Agenda

Day/Time	Place	Event	Purpose / Details
4.2.2021 Thursday 10:00-13:00 Baku	Webex	Remote Session 1	Opening, Introductions, Mission Agenda and Schedule, the working methodology STS data of ownership relations, company accounts, EG's annual reports, other Study and analysis of the data sources - Other possible sources (other governmental bodies, chamber of commerce, companies, etc.) Agreement of tasks by participants for next RS
11.2.2021 Thursday 10:00-13:00 Baku	Webex	Remote Session 2	Preliminary acquisition of these data by SSC Data acquisition agreements New database features for EG and ENT information Agreement of tasks by participants for next RS
18.2.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 3	Creating EGs based on ownership data Agreement of tasks by participants for next RS
25.2.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 4	Creating EGs based on ownership data (cont.) 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

**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”**



This project is funded by  
the European Union