

Twinning Projects Final Report



EUROPEAN COMMISSION TWINNING PROJECTS FINAL REPORT

Project Title: 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

Partners: Statistics Finland
The State Statistical Committee of the Republic of Azerbaijan
The State Tax Service under the Ministry of Economy of the Republic of Azerbaijan
The Small and Medium Business -Development Agency of the Republic of Azerbaijan

Date: 25.6.2020 – 24.4.2022

Twinning Project number: AZ/16/ENI/ST/01/19 (AZ/53)

Twinning Grant Contract number: ENI/2020/416-128



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Section 1: Project data

Twinning Grant Contract Number:	ENI/2020/416-128
Project Title:	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
Twinning Partners (Member State(s) and Beneficiary)	Beneficiary institutions: The State Statistical Committee of the Republic of Azerbaijan The State Tax Service under the Ministry of Economy of the Republic of Azerbaijan The Small and Medium Business-Development Agency of the Republic of Azerbaijan MS Lead: Statistics Finland MS JP: Statistics Lithuania MS JP: Statistics Netherlands
Duration of the project:	17 Months + 5 Months extension 25.6.2020 – 24.4.2022
Member State PL:	Ms. Hannele Orjala, Statistics Finland Signature: _____ Date: 9.6.2022
Beneficiary Country PL:	Mr. Gasim Aliyev, State Statistical Committee of the Republic of Azerbaijan Signature: _____ Date:

List of abbreviations

AC	Administrative Coordinator
AD	Administrative Data
BA	Beneficiary Administration
BC	Beneficiary Country
BS	Business Statistics
CL	Component Leader
CoP	Code of Practice
Cs-L	Component sub- Leader
DG	Director General
EaP	Eastern Partnership
EC	European Commission
EEC	European Economic Community
ENP	European Neighbourhood and Partnership Instrument
EU	European Union
EUD	European Union Delegation
GDP	Gross Domestic Product
GSBPM	Generic Statistical Business Process Model
MLSPP	Ministry of Labour and Social Protection of Population
MoE	Ministry of Economy
MS	Member State
NSI	National Statistical Institute
NSO	National Statistical Office
NSS	National Statistical System
OECD	Organisation for Economic Co-operation and Development
PAO	Project Administration Office
PL	Project Leader
PSC	Project Steering Committee
QR	Quarterly Report
R	R-programming Language
RTA	Resident Twinning Adviser
RTAA	Resident Twinning Adviser Assistant
RTA-LA	Resident Twinning Adviser's Language Assistant
SBS	Structural Business Statistics
SME	Small and Medium-sized Enterprises
SMBDA	Small and Medium Business Development Agency
SRSU	State Register of Statistical Units
SSC	State Statistical Committee of the Republic of Azerbaijan
STE	Short Term Expert
STS	State Tax Service under the Ministry of Economy of the Republic of Azerbaijan
TA	Technical Assistance
ToR	Terms of Reference

Section 2: Content

This section describes the achievements of the project. It is divided in ten sub-sections.

2A – EXECUTIVE SUMMARY

2B – BACKGROUND

2C – IMPLEMENTATION PROCESS

2D – ACHIEVEMENT OF MANDATORY RESULTS/OUTPUTS AND DIRECT INFLUENCE ON OUTCOMES

2E – IMPACT

2F – FOLLOW-UP AND SUSTAINABILITY

2G – CONCLUSIONS & RECOMMENDATIONS

2H – ANNEXES

2A - EXECUTIVE SUMMARY

This is the final report of the 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”.

The beneficiary institutions were The State Statistical Committee of the Republic of Azerbaijan (SSC), The State Tax Service under the Ministry of Economy of the Republic of Azerbaijan (STS) and The Small and Medium Business Development Agency of the Republic of Azerbaijan (SMBDA).

The project was implemented by Statistics Finland as Lead Partner, with Statistics Lithuania and Statistics Netherlands as Junior Partners and with participation of staff from Statistics Denmark and The Finnish Institute of Public Management (HAUS). The report covers the period from 25th of June 2020 to 24th of April 2022 (22 months).

The overall objective of the project was to increase capacity among local operators to collect, process, harmonize, analyze, publish and disseminate business statistics measuring the performance of the private sector/SMEs in Azerbaijan. In particular, the project aimed to improve the capacity of the SSC and the STS in order to strengthen statistical business registers and to align the business statistics methodology with EU standards and business statistics oriented on future data requirements.

The Project started exceptionally with the Resident Twinning Advisor (RTA) starting work remotely due to Covid-19. Priority was given to timely Service Contracts with the RTA-A and RTA-LA to give it some local presence. Annual leave periods caused delays in the initial planning phase of the project but these were minor and were caught up. Covid-19 and later the troubles in the Azerbaijan western region caused problems but they were contained through close cooperation between all entities.

After the initial planning phase, the project moved swiftly into the implementation phase with Activities being delivered as Remote Sessions. The remaining implementation phase activities have mostly been scheduled (see Annex 3 Implementation Schedule). Activities have been completed with Remote Sessions until the end of August 2021 after which normal missions commenced and the STE’s were vaccinated and were mostly able to travel.

During the first half of 2021, the Covid-19 vaccination process progressed in the Member States and in the Beneficiary Country. The project administration members, short-term experts and BC officials have been vaccinated by August 2021. The Cabinet of Ministers of the Republic of Azerbaijan made the decision to add new states to the list of countries allowed to enter and exit the Republic of Azerbaijan made travel to the BC possible. (starting from 6th of September 2021 this also included Finland and Lithuania). The Netherlands and Denmark were on the list from 5th of August 2021. This decision greatly facilitated the visa issue process for STEs.

The Resident Twinning Advisor arrived in Azerbaijan on 8th of September 2021 and with his arrival the project's implementation phase moved from remote sessions to onsite missions. He took up duties on the 9th of September at the SSC. Shortly after his arrival the RTA welcome/technical event was conducted at the premises of the State Tax Service under the Ministry of Economy. The first on-site mission started 20th September 2021.

The MS experts and experts of the ~~four~~ three beneficiary institutions have been engaged and dedicated, and the focus on practical solutions as well as homework in between missions has led to tangible results. The communication at all levels of the project organization has for the most part been good and constructive throughout the implementation period.

The project website, which was used by both MS and BC experts, is accessible through the website of Statistics Finland and includes all mission reports and other project related documents including quarterly newsletters: <https://www2.stat.fi/aztwinning>

Project Implementation

During the project 34 short-term-expert missions, 3 study visits, 5 internal workshops, 4 visibility events and 4 top level media interviews were completed, covering 75 participants and 1977 working days. Evaluation feedback received an excellent averaged of 4,70 out of 5.

The twinning project was implemented as planned. All agreed mandatory results and benchmarks have been met. The gaps identified in the twinning contract were closed.

The BC administration received information about practical work within the MS partner institutions covering all three project components. Subject matter experts from both sides worked together successfully in drafting solutions for further harmonization of the statistical system in Azerbaijan. In addition, study tours were organized for BC staff to experience how EU regulations are applied in the MS partner countries and how work is organized.

On the basis of the project work, the SSC is able to apply the standards that were discussed. As concerns the subject-matter-related components methodological documents have been improved and data transfer issues have been addressed. A pilot study correlating Administrative Data with survey data showed extremely promising results and the SME annual report was extensively updated and revised.

2B - BACKGROUND

Starting Point

This section describe the situation when the Twinning fiche was published and thus the start of the project.

The Republic of Azerbaijan has been receiving EU assistance for the harmonization of selected statistical areas with EU standards through two earlier twinning projects 2009-2012: “Support to the State Statistical Committee of the Republic of Azerbaijan to reach European standards in national accounts, non-observed economy, business statistics and producer price index” (AZ08/ENP-PCA/FI/06 -Destia, NSI-BG) and 2015-2017: “Support to the State Statistical Committee in Harmonisation of the National Statistics System of the Republic of Azerbaijan in line with European standards” (AZ/14/ENP/ST/32 - Destisis, NSI-BG) as well as a Technical Assistance project “EU support to the State Statistical Committee of the Republic of Azerbaijan (SSC) to reach European standards” (ENPI/2017/390-829 - ICON Jan 2018 – Jan 2020). In addition, the SSC has received EU support through a number of TAIEX activities. A bilateral cooperation programme between SSC and NSI Bulgaria has been operational since 1999. A bilateral cooperation programme between SSC and Statistics Netherland has been operational since 2020 ([SSC > About us > International cooperation](#)).

The Republic of Azerbaijan has been actively using the EU twinning mechanism in numerous sectors. At the start of this project 7 twinning projects were ongoing. In 2020, one twinning project run in Azerbaijan was nominated best twinning of 2020.

In line with the Azerbaijan national strategy to support the growth of the SME sector, monitoring their well being and growth can be accomplished through timely, accurate statistical production. This, in essence, is the underlying reasoning for this twinning project. This project has been successfully implemented by Statistics Finland together with Statistics Lithuania and Statistics Netherlands as Junior Partners and in collaboration with Statistics Denmark.

The *starting points for each component* in the Twinning project are outlined below:

Component 1: A unified approach for improved quality of information exchange with the STS databases is implemented

Regular Administrative Data transfers were in place but there was little interaction between SSC and STS and certain quality shortfalls had been identified in the exchange of information. In addition, the old agreement consisted of multiple smaller agreements and there was an identified need to expand on the number of indicators to pave the way forward for the increased use of Administrative Data in the statistical production.

Component 2: The production of business statistics/ SME statistics in terms of content and organization is upgraded

The annual SME Report had been produced for many years but was in need of a visual and usability facelift as well needed to be further aligned with EU/OECD standards and end user needs with regards indicators. Business Statistics were being produced based on full-coverage annual surveys, being both labour intensive and high in response burden for businesses. Administrative Data was not used to any large degree and yet much of the questions asked in the annual statistical surveys were also being collected by the State Tax Service.

Component 3: Capacity of SSC, STS and SME Agency staff improved

The capacity and competency of SSC, STS and SMBDA staff was already at a high level but specific weaknesses and points of improvement had been identified within the entities themselves. The third Component was designed to meet and improve on these needs.

Overall objectives

To increase capacity among local operators to collect, harmonise, analyse, publish and disseminate Business Statistics measuring the performance of the private sector/SMEs in Azerbaijan

- New SMEs policies made
- SMEs policies monitored and evaluated
- SMEs overall performances measured,
- SMEs indicators collected, analyzed and disseminated
- SMEs contribution to GDP measured

Specific Objectives

The specific objective of the project is to improve the capacity of the State Statistical Committee and the State Tax Service under the Ministry of Economy in order to strengthen Statistical Business Registers and to further align the Business Statistics Methodology with EU standards and business statistics oriented on future data requirements.

- The State Register of Statistical Units are reviewed, and they are more compliant with the Council Regulation (EEC) No 696/93 of 1993 to the State register of statistical units;
- Structural Business Statistics production in compliant with the European statistical standards;
- Quality of statistical production for Business/ SME Statistics process increased;
- Use of administrative source in the production of Business/ SME statistics maximized;
- Azerbaijan statistical legislation, norms, standards and methodologies related to Business Statistics reviewed and recommendations provided for approximation to those of the European Union;
- Cooperation of the SSC and the State Tax Service with the counterparts and major users on business /SME statistics increased;

Mandatory results/Outputs

Component 1: A unified approach for improved quality of information exchange with the State Tax Service under the Ministry of Economy databases is implemented

Result 1: Data quality management standards applied in the source databases of the State Tax Service under the Ministry of Economy are improved for maintaining and update of the SRSU

- A roadmap or action plan prepared and presented to the State Tax Service under the Ministry of Economy for application of data quality management standards to relevant the State Tax Service under the Ministry of Economy databases and MLSP databases in order to maintain and update the SRSU.
- The State Tax Service under the Ministry of Economy databases strengthened with the applied standards.
- Enhanced capacity of the staff of the State Tax Service under the Ministry of Economy and the SSC provided.

Result 2: A business case for compliance of the statistical units in the SRSU developed

- 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.
- Use of administrative data sources for maintaining and updating the SRSU improved.
- Recommendations given for alignment of the statistical units in the SRSU with the Council Regulation (EEC) No 696/93.
- Missing business demography indicators determined.

Results 3: A logical design for the renewal and expansion of the software functions for proper maintenance and updating SRSU is provided

- Business processes report for effective collaboration between the State Tax Service under the Ministry of Economy and the SSC for maintenance and update of the SRSU are prepared and submitted.
- A logical design for the renewal and expansion of software functions for the proper maintenance and updating the SRSU are developed and submitted.

Component 2: The production of business statistics/ SME statistics in terms of content and organization is upgraded

Result 4: Business Statistics in Azerbaijan redesigned;

- The methodological documents related to the BS with a list of missing variables and their publication identified and elaborated.
- The roadmap on integration of business surveys into the new model as a methodological document with necessary amendments/proposals is drafted, adopted and disseminated.
- Data collection processes simplified and standardized to improve the timelines.
- The use of administrative information maximized to reduce response burden and costs associated with operational aspects of surveys.
- Metadata for edit and imputation, allocation and estimation processes variables standardized.

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

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

- Full SME statistics report with statistics, graphics, infographics and interpretations prepared and presented in close collaboration with the SSC, the State Tax Service under the Ministry of Economy and the SME Agency staff.

Component 3: Capacity of the SSC, the State Tax Service under the Ministry of Economy and the SME Agency staff improved

Result 6: Capacity of the SSC, the State Tax Service under the Ministry of Economy and the SME Agency staff on statistical design, analysis, reporting and dissemination improved

- The training plan developed and delivered for reviewing and assessing the sampling designs used for Business Surveys
- The training plan developed and delivered for use of analysis and forecasting techniques for SME data and statistics
- The training plan developed and delivered for preparation statistical reports with their quality reports in English with a focus on desktop publishing including preparation of graphics and infographics
- The training plan is aligned with national training systems and it is adopted and in process of implementation by the end of the project.

2C - IMPLEMENTATION PROCESS

Developments outside the control of the project

Throughout the lifetime of the twinning project, no significant changes to affect negatively the activity of the Beneficiary entities have occurred.

The twinning project enjoyed a supportive atmosphere from all three beneficiary entities, who supplied expertise for the project as well as participated in the steering activities.

The Ministry of Economy where the Program Administration Office is established as well as the EU Delegation have provided overall support for all administrative and logistical aspects of the project implementation.

The RTA's participation in the Technical Event 14.9.2021 11-15 held at the STS premises allowed mid-project to change gears from remote working methodology (from the start of the project) into on-site and hybrid mode and being on-site was a strong boost for the momentum of the project.

Pilot Administrative Data was made available by the STS for the use of SSC experts to evaluate its suitability to be used to replace survey data. The preliminary results were analysed and were very promising. This will need follow-up analysis once the new data exchange agreement is completed between the STS and the SSC, hopefully in the near future.

A workshop on the implementation of a national board for the suppliers and users of Administrative Data was carried out. Such a board would allow regular interaction at management level, specialist level as well as at a technical level.

Fullfilled Assumptions and Risk mitigation:

- The Government of Azerbaijan remains committed to its overall reform path in increase in the SMEs performance in the economy.
fulfilled
The project was supported at all public levels within Azerbaijan. Good communication and steady progress of the project to meet expectations
- Strong support and commitment from the senior management of the SCS and State Tax Service under the MoE
fulfilled
Strong support and commitment from senior management of all BC entities to meet expectations
- Strong support and commitment from twinning partner(s);
fulfilled
Strong support and commitment from all twinning partners to meet expectations
- Relevant staff of the SCS and State Tax Service under MoE available and involved in the process.
fulfilled
There was good collaboration and involvement between all entities
- All relevant documentation and information available
fulfilled
All relevant documentation and information was made available upon request
- Good cooperation between project partners;
fulfilled
All entities worked very well together to meet common objectives

Project developments

This section describes any changes made to the original plan.

Start of the project

The project notification letter has been sent from the Contracting Authority (the Delegation of the European Union in Azerbaijan - EUD) on 13 April 2020 to the Consortium lead by Statistics Finland.

The Beneficiary (BC) Project Leader for the whole project lifetime was Mr. Gasim Aliyev (State Statistical Committee of Azerbaijan – SSC of Azerbaijan).

The Resident Twinning Advisor (RTA) Mr. Ville-Matti Pilviö has been seconded for the project from Statistics Finland from 25th June 2020 to 24 April 2022.

The project started with a virtual kick-off meeting on 29th September 2020.

The implementation of the twinning project was lead initially by Ms. Mari Ylä-Jarkko (StatFin) as Member-State (MS) Project Leader. By Amendment 1 approved by the Contracting Authority on 03.03.2020 she was replaced by Ms. Hannele Orjala (StatFin), who led the project till its end.

The three components have been led by Beneficiary (BC) and MS Component Leaders as follows:

- Component 1 “A unified approach for improved quality of information exchange with the State Tax Service under the Ministry of Economy databases is implemented” - Mr. Gasim Aliyev (SSC) / Mr. Timo Laukkanen (StatFin);
- Component 2 “The production of business statistics/ SME statistics in terms of content and organization is upgraded” - Mr. Nuru Suleymanov (SSC) / Ms. Saara Roine (StatFin);
- Component 3 “Capacity of the SSC, the State Tax Service under the Ministry of Economy and the SME Agency staff improved” - Mr. Gasim Aliyev (SSC) / Mr. Jukka Hoffren (StatFin);

The experts support was provided by experts from 4 countries – Finland, Lithuania, Netherlands and Denmark.

The monitoring of the implementation of the project has been realized by a Steering Committee (SC) consisting of all component leaders and the two project leaders as well as representatives from the State Tax Service, the SME Agency, the EUD and Ministry of Economic Development of Azerbaijan.

The project implementation was supported from the Project Manager in the EUD – Ms. Ulviyya Abdullayeva.

The PSC meetings have been carried out every 3 months following every project quarter. Till the end of the project 7 PSC meetings have been undertaken.

The project duration was initially 17 months. At the PSC 3 it was found that some activities will be more efficient if there is more time for their implementation. Studying the reasons and opportunities for an extension, the PSC has found it reasonable to propose an extension of five months through an Amendment. The proposal has been approved by the Contracting Authority - The EUD on 22.6.2021 and the project was extended to 22 months.

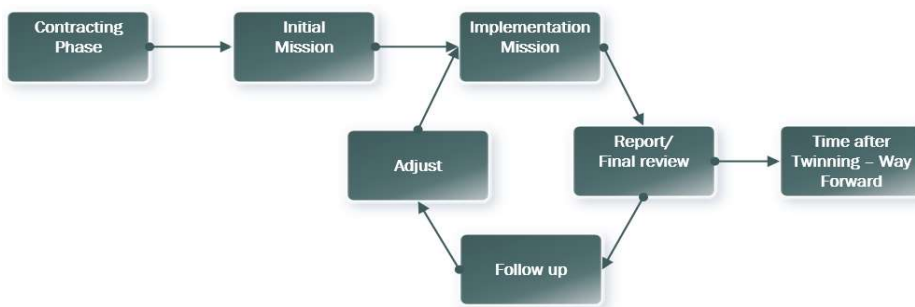
During the implementation all changes and updates of the management and the work plan have been realized by Side Letters and Amendments (see Annex 4) in coordination between MS and BC Project Leaders and the EUD Project Manager.

No major internal problems threatened the implementation of the project. The updated data exchange agreement between the STS and SSC has had an impact on the project in that specific activities were not able to work with the new data as it was not yet available, but this was worked around by using obscurified data to demonstrate actions to be carried out once the data is available.

Specific Activities in Component 2 had identified prerequisites of pilot test data being made available from STS. There were delays in access to this pilot data but dialogue and meetings with STS management gained access to this pilot data and Activities were continued and completed within the timetable of the extended project timeline.

Implementation Process

The implementation of the project in all three components passed over three phases: Initial assessment and planning (3 months), Implementation of planned activities and Time after Twinning/Way Forward.



During **the first phase** (usually one mission), the state-of-the-art and the particular needs in the specific component have been assessed between the member-state and beneficiary component leaders. These missions focused on finding common understanding of the components objectives and how to achieve them in the implementation phase by preparing a detailed work plan and time schedule for the implementation phase.

During **the second phase** – implementation, the EU experience has been transferred through presentations, practical discussions and co-working between both MS experts and BC experts. The discussions were oriented on finding practical solutions for the specific topics for the improvement of the existing statistical practice in the SSC of Azerbaijan.

Prior to every mission as well as study visit, Terms of Reference (ToR) and tentative agenda were prepared. At the end of the missions a de-briefing was prepared jointly by the MS experts and BC participants. Shortly after each mission the MS experts provided a mission report with recommendations for future work.

In total 34 activities have been realized – 31 short-term expert missions and 3 study visits (see Annex 3 – Implementation Schedule for further details). Seven project steering committee meetings were held (2 on-site) and 4 Visibility Events were completed (3 on-site).

In line with the Twinning Contract Rolling Work Plan and the two Amendments all the activities have been implemented without any delay of more than three months. In general, the activities have been implemented in the frame of quarters for which they were planned.

Covid-19 had a strong impact on travel and the project started with virtual online activities until the end of August 2021. From September 2021, most activities were carried out on-site or if needed, in hybrid mode (were some experts were able to travel but others were not).

Important OECD and EU documents were identified together with the BC and were translated into the Azerbaijani language.

The third phase was evaluation of the work done and preparing recommendations for the follow up improvement. At this stage the strategic documents and concept papers have been provided to the Beneficiary.

Workplan changes:

Component 1:

- The third Activity on Business Demography (2.2.C) was not carried out as access to the new administrative data from STS was not yet available during the project, which really was a prerequisite to carrying out that activity fruitful.
- The second activity for indicator 1.4 (1.4.A) was replaced by activity 1.4.B. The new activity better suiting BC needs.
- Study visits 1.2.SV was not carried out due to EUD recommendations due to health risks related to travel and Covid-19.

Component 2:

- Activity 5.4.C was included in the original work plan but all objectives of Result 5 were reached without the need for this Activity, which was thus cancelled.

Component 3:

- Study visits 6.2.SV and 6.3.SV were not carried out due to EUD recommendations due to health risks related to travel and Covid-19.

Other changes:

- Covid-19 and job rotations caused some changes to both key project staff as well as STEs
- The MS-PL was replaced due to taking up a new position outside Statistics Finland (Addendum 1)
- Individual Covid-19 cases, organizational travel restrictions as well as national travel restrictions impacted planned staffing for some activities but the strong consortium had a vast pool of experts to draw upon to react to these issues, which were administratively deal with by updating the Rolling Work Plan or by Side Letters.
- Covid-19 also impacted on the scheduling of some activities, but these were all well within the 3 month threshold.

Communication and Visibility actions

The project team followed strictly the rules of the EC for visibility. All the produced documents and presentations contained at the most visible way the logos and signs of the EU institutions. A special template for the presentations stating the support from the EU funds has been elaborated in the beginning of the project and was disseminated to all experts for use. All communication and visibility actions were logged and accepted at the EUD using DIGITOOLS.

Communication tools

- ✓ **Project web site:** URL: <http://stat.fi/aztwinning>
The main source of documentation of the Twinning Project available to all entities containing all finalized mission reports and project documentation in line with open access to information and green office principles. This tool acts as a archive of key information for the project.
- ✓ **A Project Facebook group** <https://www.facebook.com/twin4AzStat2020>
Was created aimed at distributing current information, news and activities from the project, in line with open access to information and green office principles. Posts published during the project: 46.
- ✓ **An electronic newsletter** Distributed by email (open subscriptions) to all project participants and other interested bodies was published quarterly. The newsletter summarized all activities carried out within the quarter and outlined planned activities for the following quarter. This supplements real-time information distribution (Facebook)

with a more traditional email news service (still paperless and with free subscription/openness).

- ✓ **Communication platforms** The project staff worked in close cooperation with the EUD and the SSC updating the above-mentioned communication platforms. For important items, an abstract news item was also sent to both for consideration that they cross post on their website or Facebook pages with links to the original news source for further reading. This benefits the project offering increased coverage and networking.

Project Awareness events

- ✓ Online Opening event (29 September 2020)
- ✓ RTA arrival Technical Meeting and project status update event 14.9.2021 11-15 at the premises of the State Tax Service under the Ministry of Economy
- ✓ Project Midterm status update event (5th Oct. 2021) at Hyatt Regency Baku Hotel
- ✓ Closing event (11th April 2022) at Hilton Hotel Baku

Indicators of achievement

- ✓ Online Startup event arranged - Participation of 30 attendees at the event
- ✓ Project Startup press release:
- ✓ Pre-kick off and post kick-off press releases distributed to the local media representatives in Azerbaijan.
- ✓ Press release which indicates final results and achievements of the project before closing event releases distributed to the local media representatives in Azerbaijan.
 - ✓ RTA arrival Technical meeting and status update event - Participation of 20 attendees at the event held at STS.
 - ✓ Project midterm status update event - 40 participants at the event held at Hyatt Hotel Baku.
- ✓ Press release which indicates achieved results and benefits of the project published in the official webpage of the State Statistical Committee of the Republic of Azerbaijan
- ✓ Final event arranged - 100 participants at the event held at the Hilton Hotel, Baku. The event received notable publicity including national television news coverage including interviews as well as front page coverage in national newspapers.
- ✓ Visibility of Twinning-project Final Event, Azerbaijan
 - 1) <https://www.realtv.az/news/az/106527/twinning-layihesi-basha-chatib-video>
 - 2) <https://www.smb.gov.az/az/all-news/kobia-nin-da-istirak-etdiyi-twinning-layihesi-basa-catib>
 - 3) <https://xalqqazeti.com/mobile/az/news/99657>
 - 4) https://yeniazerbaycan.com/yukle/pdf/2022_04_11_11_12.04.2022_sayt.pdf
 - 5) <https://apa.az/az/maliyye/statistika-komitesine-ve-vergi-xidmetine-destek-twinning-layihesibasa-catib-697207>
 - 6) <https://azadmedia.az/cemiyet/53640-twinning-layihesi-baa-catib.html>
 - 7) <https://www.news.az/news/azerbaijan-eu-successfully-cooperate-in-field-of-statistics-officialsays>
 - 8) <https://www.youtube.com/watch?v=1D-6jwoueQM&t=2s>
 - 9) <https://www.youtube.com/watch?v=OjKRIDOQufU&t=45s>

- 10) https://azertag.az/en/xeber/Azerbaijans_Prime_Minister_meets_with_heads_of_Finnish_and_Lithuanian_statistical_agencies-2089610
 - 11) <https://www.azerbaycan24.com/en/azerbaijani-premier-meets-finnish-lithuanian-statisticsheads/>
 - 12) <https://report.az/en/foreign-politics/azerbaijani-premier-meets-finnish-lithuanian-statisticsheads/>
 - 13) <https://apa.az/az/xarici-siyaset/bas-nazir-finlandiya-ve-litvanin-statistika-qurumlarininrehberleri-ile-gorusub-697255>
 - 14) <https://az.trend.az/azerbaijan/politics/3580631.html>
- ✓ Website set up hosted by Statistics Finland <http://stat.fi/aztwinning>.
 - ✓ Website updated regularly during the project implementation period.
 - ✓ Facebook group set up and updated during the project implementation period <https://www.facebook.com/twin4AzStat2020> with news on each completed activity.
 - ✓ Electronic newsletter prepared and delivered every three months during the project implementation period: www.stat.fi/aztwinning#newsletters
 - #1: 11-2020
 - #2: 12:2020
 - #3: 03:2021
 - #4: 06.2021
 - #5: 09.2021
 - #6: 12.2021
 - #7: 04.2022
 - ✓ Leaflet and Brochure - materials produced and distributed to the target groups.
 - ✓ Promotional items- (Folders, touch screen pens, USB sticks, notebooks, pens, pencils, paper bags, and eco-bags) disseminated to the target group members and project event participants.
 - ✓ Certificates of participation - distributed to training activity and workshop participants.
 - ✓ Participants in project missions and study visits were asked to fill out assessment forms on the last day of every mission / activity. These were summarised for the MS Experts (see Annex 7).

2D - ACHIEVEMENT OF MANDATORY RESULTS/OUTPUTS AND OUTCOMES

All mandatory results and benchmarks were achieved during the implementation phase of the project. In addition to the benchmarks, other good achievements were reached.

A complete analysis of the projects mandatory results, outputs and benchmarks can be found in Annex 2 (Simplified Logical Framework reviewed) as determined in the twinning contract for the project components and their activities.

Result 1. Data quality management standards applied in the source databases of the STS are improved for maintaining and update of the SRSU

Enhancing the cooperation between The State Tax Service and State Statistical Committee in the exchange of Administrative Data:

Throughout this project experts from the three Beneficiary Entities have been able to spend time together. They have learned about each other's tasks and needs; working together in close cooperation to meet the objectives of the Twinning Project and solve any identified problems. This collaboration should continue after this project, for example through such suggested means as a national board of Administrative Data suppliers and users – something that was proposed in this project.

An expert assessment of the current situation on data transmission from the State Tax Service under the Ministry of Economy to the State Statistical Committee and updating processes of the State register of statistical units has been carried out, new requirements for information exchange standards have been identified, methods of data updating have been studied. Technically no issues were identified in the transfer of information as such. Some problems with the use of classifications and their updating process were noticed and Methods were suggested to help synchronize the use of updated classifications between the organizations. Types of ownership that are used in the State register of statistical units, as well as country codes and contact information were aligned with the relevant information in the database of the State Tax Service under the Ministry of Economy, and gaps were eliminated.

New Data Exchange Agreement between SSC and STS:

A new draft agreement has been prepared in order to expand the data coverage of the State register of statistical units by merging several existing data exchange agreements between the State Statistical Committee and the State Tax Service under the Ministry of Economy. This new agreement addresses identified needs for further sharing of Administrative Data. This process is nearing completion with a largely expanded number of indicators.

Result 2. A business case for compliance of the statistical units in the SRSU developed

The practices of Lithuania, the Netherlands, Denmark and Finland in the field of cooperation with government agencies and the integration of administrative data were demonstrated by the experts, these experiences were studied, online seminars were organized with the participation of specialists from the State Statistical Committee and the State Tax Service under the Ministry of Economy in order to increase knowledge and skills in this field, at the same time, information was provided on the work carried out by the State Statistical Committee of the Republic of Azerbaijan in the field of administrative data and the State Register of Statistical Units.

This Result focused on two key issues:

1. The Statistical units Enterprise and Enterprise Groups were introduced to the State Register of Statistical Units. Methodological information was provided by experts on statistical units, enterprises and enterprise groups profiling. After the project ends, the first iteration of compiling Enterprise Groups will be carried out by the State Statistical Committee.
2. Methodological information was provided by experts on the scope and calculation of statistical business demographics, and the experiences of participating countries on these topics were studied.
SSC developed draft demographic tables of enterprises by obtaining indicators of "birth", "death", "survival" of enterprises from the database of the State Register of Statistical Units with a view to applying the shared experiences in the field of business demography. The compilation of Business Demography indicators work will continue at SSC.

Result 3. A logical design for the renewal and expansion of the software functions for proper maintenance and updating SRSU is provided

Systematic approach for administrative data exchange and inclusion of new data sources using the Generic Statistical Business Process Model (GSBPM): The ASAN service is centralizing data exchange between government bodies in Azerbaijan. This in itself will bring a systematic approach to these transfers, and it is recommended that this be implemented in all data flows into and out of SSC and STS.

Business Processes Modelled using Business Process Modelling Notation (BPMN): Documenting current Business Processes is an important step in increasing quality and streamlining current processes. This work will continue at SSC with the development of a common BPMN design tool. SSC developed a business process map of administrative data sources together with international experts with a view to determining the scope of administrative data to be used in the preparation of official statistics and to use it in the production of official statistics.

Workshop to Facilitate the implementation of a national cooperation board for users and suppliers of Administrative Data: The workshop used groupwork to identify steps needed in setting up such a board in Azerbaijan. Regular interaction at several levels (incl. management, expert and technical) between AD suppliers and users has been recommended.

Workshop Using the R-program for statistical production: As an extra activity in this project, a workshop on using R for statistical production was carried out. This provided an overview and introduction to its use, participants completed the workshop by each generating their own first statistical publication with R. Further learning and adoption hopefully will occur after this project.

Study Visit: Helsinki: Capacity of the Management Staff of the SSC, STS and SME-A Enhanced for Data Governance: The Study Visit on Data Governance carried out to Helsinki was extremely interactive with many questions and open discussions. The visit also included a visit to the Finnish Tax Authority. Discussions were held on the draft Memorandum of Understanding on cooperation in the field of statistics between the State Statistical Committee of the Republic of Azerbaijan and the Statistics Finland.

Result 4. Business Statistics (BS) in Azerbaijan redesigned

The experience of EU countries in the field of structural business statistics, including SME statistics, was studied. The work carried out in the SSC and the existing data sources on business statistics were discussed. The compliance of business statistics indicators calculated in the SSC with EU standards was assessed.

Possibilities to expand the use of administrative data for the producing of business statistics were studied. Indicators available in tax declarations have been examined and indicators that can be used in business statistics have been identified. The data of the State Tax Service on these indicators was compared with the official statistics and the results were analyzed. STS Pilot Tax Data was compared to available survey data. The results were very promising with strong correlation. Once the full data set is available, these tests should be repeated to confirm these initial results. If they also correlate as well as the pilot data, SSC has good grounds to increase the use of Administrative Data in Business Statistics Production

The possibility of reducing the volume of information obtained through statistical surveys on business statistics by replacing it with administrative data as much as possible, verifying the collected data, editing them in case of errors and gaps was explored, recommendations for further work were developed.

Questionnaire forms and software used in the production of business statistics were reviewed, issues of expanding the use of sample surveys in this area and standardization of production processes were discussed.

A standard process chart of the SBS production process was developed by taking into account all participants and data sources.

Proposals for software improvement were also formulated. As a first concrete tool using R, code has been generated to allow Unit Imputation for missing data in Structural Business Statistics. The code also allows for aggregate validation of the results to check the imputation results and allow for any further manual corrections should it be needed.

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

The experience and publications of EU countries in the field of SME statistics was studied. Additional sources of information were investigated in order to enrich the relevant publications published by the SSC with new information. A list of indicators to be added to these publications is determined. Recommendations were made to further improvement of the publication on statistics on micro, small and medium enterprises. Taking into account the recommendations an updated edition of the annual statistical publication "Micro, small and medium enterprises in Azerbaijan" was published.

The renewed Annual SME Report 2021 really has to be lifted as a concrete achievement during this project. It was published on the SSC website www.stat.gov.az/source/entrepreneurship/?lang=en in January 2022. User needs and EU/OECD definitions on SME indicators have been taken into consideration. Key improvements include: 18 new indicators, visualizations including 28 new graphs, 26 new tables, time series, methodological explanations of indicators, analytical text and quality information. This was a massive undertaking by SSC staff and the ready product has been well received by its users.

Furthermore, the work continues into the future with incremental enhancements promised to better meet user needs and as new indicators become available.

Result 6. Capacity of SSC, STS and SME Agency staff on statistical design, analysis, reporting and dissemination improved

Three Training Activities carried out after they were tailored to participants needs with an online survey:

- Reviewing and assessing the sampling designs used for Business Surveys
- Use of analysis and forecasting techniques for SME data and statistics
- Preparation of statistical reports including quality reports in English with a focus on desktop publishing

One Study Visit to Lithuania on sampling designs used for Business Surveys was carried out.

This result included valuable dialogue to statistics compilation processes, data flows and data dissemination as well as active and collegial interaction and discussion during activities.

Outcomes measured against the work plan indicators

In each of the Results, outcomes as measured against the indicators agreed in the work plan were achieved. This success is due to a large part to the fact that the planning phase of the twinning project was successful in identifying key targets and the implementation phase met these successfully.

A full analysis of achievement of all outcomes measured against the indicators agree in the work plan is found in Annex 1.

Changes from the initial work plan implemented through the Rolling Work Plans included the following:

- Activity 2.2.C was agreed to not be carried out after 2.2.B as further work with Business Demography (BD) was recommended to be carried out only after SSC had first completed their first full compilation of BD based on the lessons learned in earlier activities.
- Activity 1.4.A was planned as an activity to build capacity of the staff of the State Tax Service under the Ministry of Economy enhanced for AD delivery but was later replaced with Activity 1.4.B: Using R for Statistical Production.
- Activity 5.4.C was cancelled as unnecessary as all objectives of Result 5 were reached in earlier activities for the Result.
- Activities 1.2.SV, 6.2.SV and 6.3.SV: These Study visits were put on hold in January after positive PCR test results resulted in 6 earlier study visit participants failing to return to Baku on time. Omicron was widespread in the member states and health risks resulting in the EUD strongly recommending to postpone any further study visits. In the initial work plan, four study visits had been planned. This had been increased to 6 as budgetary surplus made this possible due to the twinning project running remotely for the first year. Some of the impact these cancellations caused could be covered during the on-site training activities but travel and face-to-face interaction at NSI's were not possible. Also, actually implemented visits covered only two NSI's, thus visits to Denmark and the Netherlands NSI's were not possible.

A more detailed analysis of the simplified Logical Framework can be found as Annex 2 to this Final Report

Other results

Inter-organization cooperation

Representatives from three BC entities participated in all activities run by the project. This allowed expert level interaction between these entities and it was noted as the project advanced a change in the way they interacted. As they worked together to solve common problems, they gained a clear understanding of what each of them was doing and why they had an interdependence among themselves. By the end of the project, a friendly culture of cooperation and casual interaction had developed, lowering barriers to ask for help and advice from each other to reach common objectives.

Substance-experts learning to use R libraries for analysis and reporting

The first steps were taken during this project to bring together computer programming using statistical libraries and substance proficiency. The professional staff are expert statisticians in their field but have outsourced all computer programming. Using simple R libraries computer literate statisticians are able to independently run code to quickly get results for computational tasks without procuring and outsourcing these. The R-Programming workshop (Activity 1.4.B) gave some 30 statisticians an overview of the possibilities the R program offers for statistical production. In addition, they had to apply these lessons learned to produce their own assignment during the workshop. This was a sample statistical report using R to get unit data, process it, aggregate it and generate a statistical report including graphs, text and tables in word, pdf and html. It is hoped the experts continue self-learning R-programming for statistical production and that SSC continues to support this.

2E - IMPACT

Overall objective and project purpose

The purpose and the overall objective of the twinning project were achieved. The twinning project on 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 was successfully implemented. The gaps identified in the twinning contract were closed.

The project approach, which constantly focused on progress from activity to activity, has fostered the achievement of the project results. Staff of the beneficiary entities have throughout the project been engaged and dedicated to work towards the achievement of the mandatory results.

Throughout the project, MS experts and BC staff have worked closely together to complete the tasks. As a consequence of the Twinning project, the beneficiary institutions have increased the capacity of its staff and have taken further steps towards aligning with EU standards on the compilation and dissemination of statistics.

The results of the project led to significant changes in several directions:

Overall Objective: To increase capacity among local operators to collect, harmonise, analyse, publish and disseminate Business Statistics measuring the performance of the private sector/SMEs in Azerbaijan.

Indicators:

- New SMEs policies made
- SMEs policies monitored and evaluated
- SMEs overall performances measured,
- SMEs indicators collected, analyzed and disseminated
- SMEs contribution to GDP measured

The renewed Annual SME Report 2021 really has to be lifted as a concrete achievement during this project. It is published on the SSC website www.stat.gov.az/source/entrepreneurship/?lang=en. User needs and EU/OECD definitions on SME indicators have been taken into consideration during its redesign and it includes: about 20 new indicators, visualizations, time series, analytical text and quality

information. This was a massive undertaking by SSC staff and the ready product has been well received by its users. Furthermore, the work continues into the future with incremental enhancements promised to better meet user needs and as new indicators become available.

Having high quality statistics for the monitoring, evaluation overall performance measuring of SME's should increasingly benefit in the national SME policies carried out to support SME's grow and prosper, thus directly impacting the GDP of Azerbaijan and increasing its relative share of the country's economy.

The presentation of EU best practices in the collection of statistical data and business statistics production and dissemination as well as concise recommendation for further improving SSC methodology should increase the capacity among local operators.

The introduction of the R-Program in statistical production should give SSC numerous new tools to enhance and harmonise their processes. The first of which was introduced in Result 5 with a turnkey solution for unit-level imputation of missing units in SBS.

Unexpected (positive) results:

Statistical networking: Having three beneficiary entities in this project has allowed for a open and collaborative culture between STS (Administrative Data provider), SSC (statistics producer) and the SME-A (user of statistics). They have worked together at management, specialist and technical levels to solve open issues and achieve common objectives. The workshop on how to create a national board of Administrative Data suppliers and users showed one possible path forward to expand and enhance this cooperation.

Barriers to interaction at expert level: It is hoped that this important interaction will be continued in the future.

2F - FOLLOW-UP AND SUSTAINABILITY

The most important guarantee for sustainability is the high involvement of the SSC of Azerbaijan top management. This was demonstrated during the whole process of implementation. The proper organizational actions were undertaken to enforce the administrative capacity for the incorporation of accepted EU practices into the daily work in the SSC of Azerbaijan. No significant staff turnover was noticed during the implementation. No barriers were identified that might negatively impact the continued development in the fields covered by the project.

Added value for SSC of Azerbaijan

The twinning project had positive effects of synergy. The working atmosphere and professional contacts contributed to establishing a sustainable cooperation between the Statistical Offices of Finland, Lithuania, Netherlands, Denmark and the SSC of Azerbaijan after the end of the project.

Follow-up:

- Finalization of the new data exchange agreement between STS and SSC
- Enterprise Groups: first iteration completed
- Business Demography: first iteration completed
- Process diagrams for all process at SSC (after software is available)

- Standardization of statistical production processes
- Increased use of Administrative Data to simplify statistical surveys and reduce response burden
- Negotiate access to foreign trade Administrative Data with the State Customs Committee and incorporate this in Business Statistics and SME statistics

The agreements process between AD suppliers and AD users is very formal. One suggestion would be that future agreements are formalized at high level but the specifics of the agreement are more flexible and specified at expert level. This would allow notable flexibility to adjust to changes in individual indicators without a full formal process to renew signed agreements on AD data exchange. In many MS situations, these specific adjustments are coordinated at expert level between the entities without the need to formally revise data exchange agreements.

2G - CONCLUSIONS & RECOMMENDATIONS

Overall Self-Assessment

The overall conclusion is that the twinning project was implemented extremely successfully despite having numerous external threats including pandemic and war.

The SSC of Azerbaijan staff has become acquainted with EU standards in the field business statistics and Administrative Data transfers. In order to ensure longer-term success as a result of project activities, it is essential that new standards become actively applied. In this respect, the SSC achieved significant progress during the project implementation. MS experts' input has usually been the basis for decision-making within the SSC leadership level. Recommendations from discussions with MS experts have been translated into concepts for application within SSC and subsequently approved by the top management. In this way, SSC made sure that MS experts' input has been adapted to the specific frame conditions at the SSC. By ensuring approval and support from the top management, the SSC counterparts have been able to quickly implement changes to the methodology with regard to the application of EU standards.

On the whole, the results met if not exceeded the expectations and goals determined in the twinning contract.

Lessons learned

- As for all Twinning Projects, success depends highly on the beneficiary taking clear ownership of the project, which was the case in this Twinning project
- A twinning project can be started remotely – but it is not easy and does have some limitations
- Physical presence has had positive effects on run Activities
- Cooperation between all parties involved forms a solid foundation for success
- Flexibility from all parties in the project is crucial for a smooth implementation of project activities
- The cooperation with the EU Delegation of the BC is necessary and important for the timely project implementation.
- Rolling Work Plans serve very successfully in allowing corrective measures during the life-cycle of a twinning project

- Having multiple beneficiary entities could complicate communication and coordination, requires more coordination and information exchange, yet in certain instances offers an efficient means for moving things forward
- In general, the beneficiary institutions of this project must continue to pursue and improve harmonization with EU and other relevant international standards on statistics. Based on the positive results of this and the previous Twinning project, both MS and BC recommend further use of the Twinning instrument in Azerbaijan. Further Twinning projects will allow the statistical institution to continue its contact and dialogue with the European Statistical System.

Recommendations for future actions necessary to be undertaken in the sector/area the twinning operated in.

- The first iteration to generate Enterprise Groups in Azerbaijan should be carried out as soon as the new Administrative Data is available at SSC. The STS “subordinate” indicators suitability should be looked at.
- The first iteration of Business Demography Statistics in Azerbaijan should be compiled once the new STS Data is available
- Access to Import and Export Data from the State Customs Committee to be negotiated
 - Import and Export aggregate trade values should also be broken down by region (eg EU, CIS, etc – as well as at country level)
 - This could be a multi-beneficiary component in a future twinning project unless it can be completed earlier.
- Process modelling should be carried out on all SSC processes to ensure quality and standardize methodologies and procedures.
- Increased use of administrative data for Structural Business Statistics should be considered
 - to decrease response burden of Enterprises and
 - save resources from reduced survey sizes
- SSC should implement annual calculations on the burden of reporting units. This would allow a measurable indicator to monitor their progress in decreasing response burden of Enterprises as they move forward with increasing use of administrative data for statistical production.
- R-program’s possibilities in statistical production should be further investigated.
- Ways to streamline the administrative process for new agreements for administrative data as well as modifications to existing agreements should be looked at to make the process easier and quicker, including minor additions or modifications.
- Some mechanism should be set up to allow regular interaction and cooperation between suppliers and users of Administrative Data in Azerbaijan. This should include three tiers (management, substance expert and technical level meeting). A National Board for AD users and suppliers could be one option to achieve this.

2H – ANNEXES

List of Annexes to this report (as separate files attached):

Annex 1: Overview of mandatory results/outputs achieved

Annex 2: Simplified Logical Framework (REVIEWED April-2021 & April-2022)

Annex 3: Implementation Schedule

Annex 4: Addendums and Side Letters

Annex 5: Expenditure

Annex 6: Expenditure Verification

Annex 7: Evaluation

Annex 8: Breakdown by entity and gender

Section 3: Expenditure

Statistics Finland received an advance payment of 687,907.33 € in the 1st project quarter. No further pre-financing payments have been credited. The total expenditure up to the end of the project has been 885,266.43 € (88,75% of total budget).

The main reasons for minor expenditure compared to the calculations in the twinning contract were:

- Covid-19 and limited travel had a positive impact on the budget (expert missions were less expensive).
- Travel restrictions reduced the number of planned study visits
- The MS project leader missions were usually combined with other activities.

A detailed breakdown of disbursement under the project broken down on budget headings and sub-headings identifying in detail all costs for all activities under all budget headings is provided in **Annex 5 Expenditure**.

The projects audit was carried out by BDO Auditor Oy from 30th May – 10th June 2022. The expenditure verification report is provided in **Annex 6 Expenditure Verification**

For the administration of the Member State

Ms. Hannele Orjala, Head of Department, Social Statistics, Statistics Finland

Signature: _____

Date: 9.6.2022

For the administration of the Beneficiary

Mr. Gasim Aliyev, Head of Strategic Planning and Coordination of Statistical Works Department, The State Statistical Committee of Azerbaijan

Signature: _____

Date: __ . __ . 2022