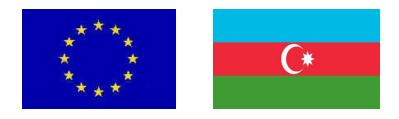# TWINNING CONTRACT

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 4.4.A

Activity Title: Developing SBS data collection

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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Mr. Vilppu Salovaara, Senior Statistician, Statistics Finland

15-18 March 2022

On-site mission at the premises of the State Statistical Committee of the Republic of Azerbaijan

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

AD	Administrative Data
ASAN	State Agency for Public Services to Citizens of Azerbaijan
AZ	Azerbaijan
BC	Beneficiary Country
EBS	European Business Statistics
EC	European Commission
ESS	European Statistical System
EU	European Union
MLSP	Ministry of Labour and Social Policy
MS	EU Member State
NACE	Nomenclature générale des Activités économiques dans le Communautés européennes NACE is the industrial classification of units dealing in economic activities
NSI	National Statistical Institute
RS	Remote Sessions
RTA	Resident Twinning Adviser
SBS	Structural Business Statistics
SRSU	State Register of Statistical Units
SSC	State Statistical Committee
STS	State Tax Service under the Ministry of Economy
ToR	Terms of Reference

Funded by the European Union

Twinning Project: AZ/16/ENI/ST/01/19 (AZ/53)
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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 sixth mission to be devoted to result 4 within Component 2 of the project.

This was a hybrid mission with one expert onsite and the other one online.

The purposes of the mission were:

- To identify data collection needs for SBS
- Exchange views and ideas on questionnaires and their possible development
- Discuss possibilities to develop sampling and reduce sample size
- Design standardized data collection process for SBS

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 and Remote Sessions and which highly facilitated the work of the consultants.

The 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

Currently, the SBS is not centralized in the SSC and the indicators are prepared by the following structural units of SSC:
- Department of National Accounts and Macroeconomic Indicators Statistics;
- Coordination of statistical work and strategic planning department;
- Department of Industry and Construction Statistics;
- Department of Trade Statistics;
- Service Statistics Department;
- Department of Labor Statistics.

The SSC does not use any administrative data in enterprise statistics excluding some for business register.
In the SSC, information collected on legal persons is based mainly on the survey questionnaires. Labor statistics department collects data on wages and salaries and other branches and departments collect appropriate data.

It is agreed already in the previous missions that SSC should use AD from STS in enterprise statistics. At the current time, the agreement between SSC and STS is still not signed and the available pilot data are not sufficient to do a more detailed analysis. That is, possible recommendations could be based more on the common experience of STEs.

3. Status of mission results

- The mission started with a presentation of SSC on the current data collection. Next, it was explained in more detail how the data on Industry & Construction, Trade, and Services are collected by different departments in different surveys. The surveys have a common feature that legal persons are surveyed completely and natural persons are sampled with the sampling rate depending on the expected quality of estimates in estimation domains defined by region and NACE activity group. The main characteristics of the surveys can be summarized in the following table. The representatives of SSC have an idea that possible optimizations of

these surveys (in the sense of response burden and costs for SSC) could be based on a combination of survey data with AD in the future.

Survey	Type of units	Population size	Sampling rate
Industry	Legal persons	~3300	100%
	Natural persons	~10000	~30%
Construction	Legal persons	~2000	100%
	Natural persons	~7000	~19%
Trade	Legal persons	~10000	100%
	Natural persons	~107000	~10%
Services	Legal persons	~3400	100%
	Natural persons	~164000	~10%

- The electronic questionnaire common for these SBS surveys was demonstrated and its functionality was explained. The questionnaire is quite flexible but STEs suggested some possible improvements of its design which could reduce the number of contacts with respondents when analyzing inconsistencies and errors in the submitted data. Another suggestion was on the prefilling of available in the future AD for some cells of the questionnaire where definitions of SBS and AD variables are close so that the respondent could only correct the data if necessary. In the long term, some of the questions can be not asked at all due to replacements with AD. There was a discussion with the representatives of the department responsible for sampling and estimation quality. The department has good experience in planning the samples of other surveys at SSC, and the suggestion of STEs is therefore to run experiments with a sampling of legal persons because at least here there is room for optimization.
- It was explained how (cut-off non-probability) sampling in SBS is implemented at Statistics Lithuania. The so-called mass imputation is possible and is efficient due to available AD. However, the suggestion for SSC is to apply probability samples in combination with AD and even if AD would be not available or is not ready to be used.
- A process chart of the current SBS production process including tasks, actors, inputs and outputs was drawn at a high level. This can be used as a basis to draw the process chart in a more detailed level. To effectively design the new process including usage of administrative data it is vital also to know the current process.
- At the end of the mission, the participants agreed on the Mission report.

4. Sustainability of the achievements

The project creates preconditions for the use of AD in the production of SBS statistics and thus optimize some parts of the production process.

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

- Questionnaires:
  - The respondents could be given a possibility to comment on the soft errors on the questionnaire to reduce the need to contact them for an explanation afterwards.
  - The disabled fields on the questionnaire could be hidden from the respondents they do not concern.
  - In the long term some variables could possibly be replaced by AD and removed from the questionnaire.
  - Exploring the possibilities to prefill some of the variables received from STS onto the questionnaire.
- STS and SSC could agree on the delivery of historical data to speed up AD's use in statistical production. Historical data could be used for testing purposes.
- Production of official statistics should be as efficient as possible.
  - Quality is important, but if it is possible to reduce sample sizes without a significant effect on quality, that should be done.
  - Businesses prefer to concentrate on their business, not reporting to statistical authorities.
  - SSC could examine the possibilities of applying sampling also to legal units.
    - First testing, because data for all units is available at the moment.

- It should also be taken into account that the accuracy of estimates are of sufficient quality in small estimation domains.
- If proven feasible by testing, sampling could be applied to reduce response burden and the costs of SSC.

6. Identification of needs for additional support

- After receiving the AD, assistance could be needed to integrate AD into the existing system of SSC for processing statistical data and producing the outputs.

7. Outstanding issues

- There is still no official agreement on receiving AD from STS.

Annex 1. Terms of Reference

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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
15-18 March 2022 - Hosting institution: SSC

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Activity 4.4.A: Developing SBS data collection

Result 4: Business Statistics in Azerbaijan redesigned

Indicator of Achievement:
4.1.4 The use of administrative information maximized to reduce response burden and costs associated with operational aspects of surveys.

Prerequisite: 4.3.A

This activity will be carried out in hybrid-mode, 4 Remote Sessions and 4 Working Day's mission.

Purpose of the activity
Business Statistics (BS) in Azerbaijan redesigned - Developing SBS data collection

Expected Outputs of the Activity

- Data collection needs for SBS identified

- Viewpoints on questionnaire usability presented

- Possibilities to develop sampling and reduce sample size examined

- Standardized data collection process for SBS designed

- Mission report

Resources

State Statistical Committee (SSC) (tbc)

- Mr. Nuru Suleymanov, Department of National Accounts and Macroeconomic Indicators Statistics, Head of Department

- Ms. Sevinj Fattahova, Head of sector, Department of National Accounts and Macroeconomic Indicators Statistics

- Mr. Turgut Shahmarli, Leading Adviser, National Accounts Statistics Department

- Ms. Ilaha Babayeva, Senior Advisor, National Accounts Statistics Department

- Ms. Solmaz Movlamova, Senior Advisor, Trade Statistics Department

- Mr. Boyukaga Israfilov, Head of Sector, Industry Statistics Department

- Mr. Yusif Bayramov, Senior Advisor, Industry Statistics Department
- Mr. Elshah Shirinov, Leading Advisor, Service Statistics Department

State Tax Service under the Ministry of Economy (STS) (tbc)

- Mr. Telman Mammadov, Chief State Tax Inspector of Economic Analysis Main Department
- Mr. Seymur Asadov, State Tax Inspector of Economic Analysis Main Department
- Ms. Aytan Shahmarova, Chief State Tax Inspector, International Relations Main Department
- Ms. Rahimova Nazlı, State Tax Inspector, Main Department of Economic Analysis and Control of Accounting

MS Experts

- Dr. (Mr.) Andrius Čiginas, *Chief Specialist, Statistics Development Division, Statistics Lithuania*
- Mr. Vilppu Salovaara, *Senior Statistician, Statistics Finland*

Twinning Project Administration

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

15-18.3.2022 - Agenda

Day/Time	Place	Event	Purpose / Details
Tuesday 10-13 & 14-17	SSC	Session 1	Data collection needs for SBS identified Questionnaire content outlined
Wednesday 10-13 & 14-17	SSC	Session 2	Developing a usable questionnaire Sampling and possibilities to reduce sample size
Thursday 10-13 & 14-17	SSC	Session 3	Detailed planning of a standard process for data collection including both survey and administrative data
Friday 10-13 & 14-17	SSC	Session 4	Identifying next steps Tasks to be completed before next activity Agreement of next activity content Review and agreement on main findings in mission report