

TWINNING CONTRACT

AZ/16/ENI/ST/01/19 (AZ/53)

**Support to the State Statistical Committee and the State Tax Service under
the Ministry of Economy to
strengthen collection, harmonization, analysis, publishing and
dissemination of business statistics**



MISSION REPORT

Activity 1.3.A

Activity Title: STS Process updated with applied standards

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

Mission carried out by

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2-23 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”

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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 third mission to be devoted to 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 within Component 1, Result 1 within Activity 1.3.A of the project.

The purposes of the mission were:

- Finding a way how different institutes can make quick changes according their administrative needs to common standards/ classifications (own version and conversion tables between the common and STS dedicated classification items).

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 1.3.A 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 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.

- MS and BC have discussed the present way of working with updates of the 5 classifications in use between STS and SSC:
 - (National version of) NACE
 - Administrative Regional Territory Classification
 - Country Code Classification
 - Ownership Classification
 - Legal Form Classification
- Examples were presented on practices in MS on handling of updates of classifications

3. Status of mission results

- It was observed during the Activity that classifications do not change very often; most classifications have a stable 5 to 10 years in between updates
- A standard procedure for updating is therefore not very easy to develop as the routine in this kind of activities is difficult to obtain in processes that occur in such a low frequency that participants have probably changed positions when the next update occurs.
- In Azerbaijan the SSC prepares the updates of classifications and sends a draft version of updated classifications to other governmental institutes for comment



- The final version of an updated classification is ratified by the national assembly
- In between updates of classifications, remarks on the present version of the classification are stored in the ‘Working Catalogue’; a continuous inventory of needed/wished changes in the next version of the classification
- When relevant SSC supplies transfer tables for conversion of old codes to new codes with updates; transfer tables for conversion from new to old are not created
- STS uses the transfer tables in most cases to update the codes in their database; old codes are stored in user archives
- For the NACE rev 2 classification, additional codes are made to fulfil national needs (5-digit codes)
- There are no national deadlines on the use of new versions of classifications

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.

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

Short term recommendations:

- Continue the use of the working catalogue as it is an effective instrument to collect comments and (national) needs on new versions of classifications
- Consider setting up a national project group to coordinate the simultaneous introduction of new classifications in all relevant governmental institutes
- Agree on national deadlines for the ultimate introduction of new classifications in governmental institutes and governmental IS systems
- Consider a general update of the STS database (legal units and individual entrepreneur) with the last version (2019) of Administrative Territorial Division Classification based on the present values in the SSC database
- Ensure that in the exchange of administrative data only the last versions of classifications are used; data should be free of outdated codes

Mid term recommendations:

- Consider a single national conversion of data in the case of a classification change. Single conversion results can be distributed to other governmental institutes for use in their IT systems
- Consider the creation of reverse transfer tables in order to facilitate users who need the old codes at the moment the new code has been introduced in the IT systems
- Additional National codes in International classifications can be applied as long as they are in relation to the Internationally standardized shorter versions of the codes

Long term recommendations:

- Set up of a national board in AZ for suppliers and users of admin data in order to arrange:
 - Strategic admin data affairs (directors level)
 - Operational affairs (specialist level)
 - **Coordination of classification updates**
- Consider the combination of technical support (Assan service) and content involvement of the national board for suppliers and users, **also on the inventory of wishes and needs in relation to new updates on classifications**

6. Identification of needs for additional support

The BC should be able to implement recommendations given in component 1 without additional support.



7. Outstanding issues

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

The MS STE's suggest to postpone Activity 1.4 in order to enlarge the possibilities of a physical mission. At present the uncertainties on progression in vaccination is considerable. Activity 1.4.A is presently planned for April 2021. After the summer of 2021 the possibilities for physical missions should be larger.



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
2 – 23.2.2021 Hosting institution: Remote Session via Webex**

Activity 1.3.A: STS Process updated with applied standards

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

Indicators of achievement

1.1.2 The State Tax Service under the Ministry of Economy databases strengthened with the applied standards.

Prerequisite: 1.2.A

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

Purpose of the activity

Finding a way how different institutes (STS) can make quick changes according their administrative needs to common standards/ classifications (own version and conversion tables between the common and STS dedicated classification items).

Expected Outputs of the Activity

- Identifying needed changes in STS data processes
- Identifying needed changes in SSC data processes
- Identifying open issues and non-solved problems
- Mission report

Resources

State Statistical Committee (SSC)

- Togrul Ajalov – Head of sector for work with registers of statistical units and administrative information sources, Deputy Head of Department
- Shafa Garayeva- Chief Advisor of sector for work with registers of statistical units and administrative information sources
- Hamid Kalantarli- Leading Advisor of sector for work with registers of statistical units and administrative information sources
- Nargiz Chalabi- Advisor of sector for work with registers of statistical units and administrative information sources



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- Lala Salamzada- Head of sector for metadata and classifications
- 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. Fred Demollin, *Business Owner and Program Manager LCU, Statistics Netherlands*
- Ms. Daliutė Kavaliauskienė *Head of Economic Entities Register Division, Statistics Lithuania*

Twining Project Administration

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

Agenda

Day/Time	Place	Event	Purpose / Details
2.2.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 1	Opening, Introductions, Mission Agenda and Schedule, the working methodology Follow-up new working process concerning the common classifiers Agreement of tasks by participants for next RS Preparations for next RS (Homework)
9.2.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 2	Needed changes in STS data processes Needed changes in SSC data processes Identifying open issues and non-solved problems Agreement of tasks by participants for next RS Preparations for next RS (Homework)
16.2.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 3	Implementation and follow-up of the data delivery process changes New formulation of the critical work processes Agreement of tasks by participants for next RS Preparations for next RS (Homework)
23.2.2021 Tuesday 10:00-13:00 Baku	Webex	Remote Session 4	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



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