



ANNEX C1: Twinning Fiche¹

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

Beneficiary administration: State Statistical Committee of the Republic of Azerbaijan

Twining Reference: AZ/16/ENI/ST/01/19 (AZ/53)

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EU funded project

TWINNING TOOL

(It is recommended that the complete Twinning Fiche should not exceed 10 pages, excluding annexes)

¹ In case of different language versions of the Twinning Fiche it must be clearly indicated which language version prevails.

1. Basic Information

- 1.1 Programme: ENI - European Neighbourhood Instrument (NEAR) 2016/039-391, Technical Cooperation Facility, Annual Action Plan 2016, direct management

For British applicants: Please be aware that eligibility criteria must be complied with for the entire duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article 12.2 of the General Conditions1 to the grant agreement.

- 1.2 Twinning Sector: Statistics
1.3 EU funded budget: Maximum amount of the grant 1 mln. Euro

2. Objectives

2.1 Overall Objective(s):

The overall objective of the project is to increase capacity among local operators to collect, process, harmonise, analyse, publish and disseminate business statistics measuring the performance of the private sector/SMEs in Azerbaijan.

2.2 Specific objective:

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 align the business statistics methodology with EU standards and business statistics oriented on future data requirements.

- 2.3 The elements targeted in strategic documents i.e. National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans.

3. Description

3.1 Background and justification:

The Republic of Azerbaijan gives high importance to official statistics in management, monitoring and assessment of socio-economic processes. The first priority is given to the international comparability of official statistics by aligning them with international standards and integrating it in the global statistical system.

All official statistics in Azerbaijan are covered by the Law on Official Statistics (adopted for the first time in February 1994 and most recently amended in October 2018) and included in the Annual Work Programme that is prepared by State Statistical Committee (SSC), agreed with the Cabinet of Ministers, and published on the SSC website. Around 80% of all official statistics in Azerbaijan are produced and disseminated by SSC on the basis of direct statistical surveys conducted by the Committee or administrative data received from Ministries and public agencies.

In recent years, SSC has achieved particular progress in many areas with the active support of bilateral and multilateral donors. Nevertheless, given continual development of statistical methodologies, the ever-increasing demand for new statistical products and necessity of

statistical modernisation, SSC requires strong support to further strengthening statistical production (data collection, processing and analysis) and dissemination taking into account the Government's commitment of approximation to the European standards.

The "State Programme on Improvement of Official Statistics in the Republic of Azerbaijan in 2018-2025" is a strategy document for developing the national statistical system to better respond to international challenges, improving the provision of statistical data related to sustainable development goals through the expansion of administrative data usage, human capacity building and strengthening the material and technical base in the field of statistics.

The main objective of the State Programme is to improve official statistics through implementation of measures to improve statistical works in line with national and international social and economic processes to correspond to modern challenges. These measures include:

- Organization of statistical observations in the social, economic and other areas,
- Development of methodologies, metadata and classifications, legal, administrative and information provision of production of official statistical materials,
- Increasing users' satisfaction and international cooperation, and
- Strengthening of material and technical base and human capacity building.

EU-Azerbaijan Partnership and Cooperation Agreement (PCA)

In Sep 2018, EU and of Azerbaijan finalised negotiations of the EU-Azerbaijan Partnership Priorities². The Partnership Priorities represent an important step forward in EU-Azerbaijan relations, given that they set the joint policy priorities that will guide and enhance partnership over the coming years 2018-2020. While also staying true to the principle of differentiation in the EU's relations with the countries in its Eastern Neighbourhood, the relevant main areas of cooperation under the partnership priorities reflect those identified under the Eastern Partnership framework.

Adoption of the statistical methods corresponding to European standards as well as strengthening the modernization of the SSC of Azerbaijan and approximation of relevant statistical fields to European standards is also noted in the EU Activity plan with regard to Azerbaijan (4.5.5 other main fields - Statistics).

Eastern Partnership (EaP)

The EaP represents a specific eastern dimension within the ENP, launched in May 2009. The EaP is the answer of the EU to the challenges and aspirations of the eastern partner countries. The EaP is one of the key instruments through which the EU provides assistance to Azerbaijan. EU and Azerbaijan strengthen their bilateral and multilateral dimensions, thus, facilitating the development of common positions and initiatives. The main goal of the EaP is to create conditions for accelerating the political association and economic integration. Issues related to the transition to a market economy by supporting reform processes are also addressed through the EaP.

The EU4Business Initiative covers all EU support for small and medium-sized enterprises (SMEs) in the region of the Eastern Partnership (EaP) which brings together the EU, its member states and six partner countries.

The Small Business Act for Europe (SBA) is an overarching framework for EU policy on SMEs. It aims to improve the approach to entrepreneurship in Europe, simplify the regulatory

² https://eeas.europa.eu/headquarters/headquarters-homepage/48244/partnership-priorities-between-eu-and-azerbaijan-reinforce-bilateral-agenda_en

and policy environment for SMEs, and remove the remaining barriers to their development. The SBA Assessment monitors the progress in the implementation of the ten principles of the Small Business Act for Europe and measures convergence towards EU practices and standards.

European Neighbourhood and Partnership Instrument (ENPI)

ENP aimed to go beyond the PCAs and offer neighbouring countries the prospect of an increasingly closer relationship with the EU with the overall goal of fostering the political and economic reform processes, promoting closer economic integration as well as legal and technical approximation.

Government policy and strategy for the sector

The “Strategic Roadmap on perspective of the national economy” confirmed by the Presidential Decree, identifies statistics as a national priority. The State Programme on improvement of the official statistics in the Republic of Azerbaijan in 2018-2025 aims to improve quality of the statistical data in the country and to accelerate approximation of the national statistics system to international standards. The Programme also targets to increase user satisfaction, to build human resource capacity and upgrade material and technical base and to strengthen legal and administrative base to produce official statistics materials.

The priority sectors and indicative allocations for financial assistance to be included in the Single Support Framework (SSF) are directly linked to the policy objectives outlined in the EU-Azerbaijan Partnership Priorities and are coherent with the Eastern Partnership (EaP) priorities, including the "20 Deliverables for 2020". One of the twenty Eastern Partnership deliverables is improvement the investment and business environment and unlock Small and Medium-sized Enterprises’ (SMEs) growth potential.

Besides, the environment ensures opportunities of simplified methods for the founding of more of the enterprises in number, enhancements in the business environments of currently existing SMEs are also other topics that need to be observed with great attention to reach the national development levels. *For this reason, systematic data flow from SMEs related to the administrative arrangements needs to be ensured as well as passing those data to decision-makers forming policies associated with SMEs. The ones, which address mentioned decision mechanisms, may need SME statistics as well as SME expectations in the policy identification processes.*

The aspect that Azerbaijan has also applied many legislative acts in the process of SME growth is very vital. Many institutions have been established by the support of the government to assist the SME’s in Azerbaijan. The Agency for the Development of SMEs of Azerbaijan was established on the basis of the decree on improvement of management in the field of SMEs signed by the President Ilham Aliyev in December 2017. The task of the SME agency is to ensure the consistency of reforms, as well as the improvement of the business regulation system and the application of effective coordination, enhancing the role and competitiveness of small and medium-sized businesses in the country’s economy, and the compliance of the management system of this sphere with modern requirements.

Meanwhile, the SSC is confronted with increasing demands from the government, the business sector, international organisations and the public at large for timely, reliable and

internationally comparable business statistics for monitoring policies on businesses as well as on SMEs. The SSC, as the primary producer of official statistics and the coordinating body of the National Statistical System (NSS), is committed to maintaining trust and public confidence in business statistics by producing it in a professionally independent manner. Besides, the need to enhance the quality of SME/business statistics has been highlighted by the latest Small Business Act for Europe (SBA) assessment as a main priority to improve the institutional framework for SME support in EaP.

The Cabinet of Ministers of the Republic of Azerbaijan adopted a resolution on the establishment of the State Register of Statistical Units (SRSU) to systematise the data collection of a growing number of economic units and to provide statistical observations.

The SRSU is considered as the backbone of business statistics surveys aiming at the production of high-quality data. It is recognised that a well-built business register supports accurate, timely and efficient business statistics. Based on the potential to assemble existing information, the SRSU aims at serving as a tool to provide additional statistical information on enterprises without increasing the administrative burden on businesses. Additionally, the SRSU is also used as the primary source for business demography indicators.

In 2015, the State Statistics Committee conducted a survey of small businesses, including individual entrepreneurs. The purpose of the survey was to assess the quality of the register of legal entities and individuals engaged in entrepreneurial activities. After processing the data obtained from the survey, an analysis was conducted. The SSC then used results from the analysis to make some assumptions on survey results.

The Sector Review and Project Formulation for the State Statistics Committee Assessment Review in 2016 underline some pending statistical issues related to business registers as below:

- Challenges in identifying and reporting from local business units,
- Linking operating units to their controlling enterprise is difficult,
- Needs for rapid identification and change of the economic activity of an enterprise or its unit,
- The means of quickly incorporating administrative data from other ministries is required.

The Adapted Global Assessment (AGA) of the National Statistical System of the Republic of Azerbaijan was undertaken by high-level inter-agency missions including EUROSTAT at the end of 2016 and the beginning of 2017. The AGA report states that the State Statistical Committee (SSC) has established a sound basis for business statistics with the State register of statistical units which are regularly updated with the help of several administrative data sources. The report positively mentions the implementation of regular quality checks and the use of an increasing number of administrative data sources for updates. The report also underlines that the business register increasingly conforms to European standards, but compliance can be further enhanced by implementing the provisions on the statistical units and by including enterprise groups.

According to AGA, the SRSU in Azerbaijan has reached some standard and is, at some degree compatible with EU standards. The AGA also underlines further development need on SRSU to ensure compliance with EU standards. It suggests the central role of the business register should be further strengthened. In line with the findings of the Global Assessment, EUROSTAT gives recommendations to the SSC and the State Tax Service under the Ministry of Economy for improving the situation regarding SRSU as follows:

- Consider gradually applying the definition of statistical units as contained in the Council Regulation (EEC) No 696/93 of 1993 to the State register of statistical units.

- Consider expanding the list of indicators on SMEs according to the EU/OECD definition
- Continue efforts to identify and use administrative data sources for maintaining and updating the State register of statistical units.

Recently, a working group in *the State Tax Service under the Ministry of Economy* was established to examine the possibility of including variables for statistical purposes in the tax database and transfer of the statistical business register (SBR) to a more flexible database. These were positive improvements for further efforts to be made on production of Business Statistics.

Coordination and monitoring of the implementation of the Business Registers and Statistical Units Regulations are of utmost importance for proper application of the SRSU. Currently, there is active collaboration through a working group consisting of subject matter staff from the SSC and *the State Tax Service under the Ministry of Economy* to examine reasons for non-compliance in statistical units between the SRSU and United State Register of Taxpayers. The result of the analysis, existing legal frameworks and institutional arrangements aims to contribute to a better understanding of the challenges in organizing of data exchange between administrative data sources and the SRSU.

International position of Azerbaijan concerning business statistics is at the improvement stage as it is in most of the other developing countries. Majority of surveys conducted by the State Statistical Committee (SSC) and produced statistics comply with international methodologies. On the other hand, policymakers express the need to expand the set of indicators published by SMEs. Within this context, first of all, analysis of requirements was conducted through assessments in 2016 and 2017 to propose possible improvements to be made gradually. These recommendations ensure the design of policies to be implemented towards SMEs based on shreds of evidence.

An electronic reporting was introduced in recent years, and particularly for business surveys, approximately 95% of the returns are now received in real-time mode (online). Furthermore, the planned increased use of administrative sources should also result in a decreased involvement of the regional and local offices in data collection.

The AGA mentions that there has been continuous development in structural business statistics (SBS) as a backbone of SME statistics over several years. The SSC is in a position to provide most of the indicators specified in the EU regulation on SBS. However, the AGA also indicates that some work is still needed to improve SBS. Following recommendations were given to the SSC to strengthen SBS:

- Continuation of the reform on integrating the production of structural business statistics in terms of content and organisation;
- Integration of business surveys in an overall production model;
- Production of the quality report in English;
- Extension of the coverage of indicators requested by the EU regulation on structural business statistics;
- Elimination of duplication of questions in survey questionnaires; and
- Exploration of the use of additional administrative data sources.

There is also a clear need for elaborating a proactive and transparent dissemination policy-oriented to all groups of users of business statistics and covering the main principles, rules and also the tools for data dissemination (e.g. a public database on the website, including improved metadata and user-oriented services, and clear rules for transparent access before release).

Justification

In general, most of the legal units equal an enterprise. However, there are important cases where this is not the case and legal units have to be grouped together and, if necessary, characteristics have to be consolidated. The Council Regulation refers to three types of statistical units (enterprise group, enterprise and local unit), but these are not the only statistical units used in economic statistics. For instance, other regulations mention the kind-of- activity unit (KAU) and the local KAU. These units are also relevant when discussing changes. Therefore, the discussion on handling changes is framed by an identification of what types of changes are considered relevant in general, irrespective of what is mentioned in the BR Regulation.

Hence, the SSC wants to maintain linkages between the enterprise and its associated statistical units with a focus on their localities to be able to publish statistics by region and to work on regional accounts properly. Moreover, there is a high demand of updating and maintaining business registers with available administrative databases.

There is a strong need in aligning statistical units effectively with requirements by the Council Regulation (EEC) No 696/93, therefore, existing legal framework and institutional arrangements shall be analysed. Additionally, in order to use administrative sources efficiently necessary updates and further needs on the SRSU maintaining software shall be investigated and discussed with the SSC and *the State Tax Service under the Ministry of Economy* respective staff.

The information contained in the legal records includes information and links such as the activities required for the creation of statistical units, address information, relations between the reporting unit and local legal units. However, those links are not strong and needs to be improved in accordance with the needs of the SSC. Additionally, systematic Tax Identification Number (TIN) given systematically needs to be reviewed to adapt the SRSU to generate indicators of the Business Demography. Information from administrative registers should include structures capable of generating statistical demographic indicators on the basis of statistical units, such as change of ownerships, merger, break-up, split-off, birth and death of business that occur in legal units.

The State Tax Service under the Ministry of Economy would like to understand data quality standards can be applied into their administrative databases, which provides administrative data to maintain the SRSU. A roadmap or action plan for applying the data quality management standards shall be prepared specifically for the SRSU and business statistics/SME variables. A pilot work is needed to further explore a number of issues among these the definitions and the quality of the SRSU. There is also a need to improve the software used to maintain the SRSU.

The SSC and the State Tax Service under the Ministry of Economy wishes to see how relevant National Statistics and Tax authorities collaborate in maintaining the Statistical Business Registers and in use of administrative databases in production of business statistics/SME statistics.

In 2012, Eurostat launched a framework project aimed at integrating the existing domain-specific Regulations on business statistics by drawing up a crosscutting legal framework for the collection, compilation, transmission and dissemination of European statistics on the structure, economic activity, competitiveness, global transactions and performance of businesses.

For SSC, this twinning may create an opportunity to orient business statistics on the future data requirements. This make possible integration of business surveys in overall production model through eliminating duplication of questions in survey questionnaires as well as expansion of the coverage of indicators requested by the EU regulation on structural business

statistics. Both institutions, the SSC and the State Tax Service under the Ministry of Economy wish to see and understand the collaboration between the MS NSO and tax related authority in the production of Business Statistics.

Building the economic resilience of EaP partner countries is at the heart of the EU's contribution towards having a stable neighbourhood. In this context, the EU and EaP partner countries are working together to develop stronger, diversified and vibrant economies across the region. This means helping small and medium-sized businesses grow; attracting investments and creating jobs in new sectors; and increasing trade opportunities by supporting access to new markets.

Article 4.1 (The formation of an economic model based on effective state regulation and mature market relations) of the Development Concept "Azerbaijan 2020: Look into the Future" underlines that implementation of reforms in line with international trade system and conformity of laws to practice applied in the world trade system for accession to the World Trade Organization will ultimately open up new opportunities for the development of domestic companies and the country's economy as a whole.

Information on SME sector is considered as one of the important issues for any country's economy that should be with European criteria of statistics. Better-quality SME statistics will lead to the collection of more comprehensive information on enterprises that will support policymakers to better analyse SME performance and design effective policies and measures for fostering SME development. In this regard, European experience in the collection of enterprise statistics will be reviewed. Collection of statistics will also be extended to business demographics and SMEs international trade.

Consequently, the new SME Agency needs relevant, high quality and timely statistics to make evidence-based new policies regarding SMEs. The agency wants to know more about SMEs to make their plans. Additionally, the SBA needs data to improve the institutional framework for SME support in EaP. In this context, SME Agency would be the main user of the SME statistics to be produced in close collaboration with the relevant Ministries.

Key statistical ingredients of business surveys are how the sample is designed and how estimates for dissemination to users are constructed under some definitions and assumptions once data are collected. The State Register of Statistical Units is the basis for the frame for all of the economic surveys. As a statistical register, it provides listings of units and related attributes required for survey sampling frames, data integration, stratification and business demographic statistics. Both the SSC and the State Tax Service under the Ministry of Economy need to learn production of statistics both from statistical surveys and administrative databases. New statistical methodologies including big data analytics can be taught under this twinning exercise.

3.2 Ongoing reforms:

In the context of global political, social and economic processes, the need for adequate information provision to assess their performance has put new and more complex tasks on the statistical system. Demand for accurate and complete statistical data and continuous information support for monitoring of the status of achieving goals and targets of key documents stipulate the improvement of official statistics based on new challenges. Some of the key documents include the following: "Transforming our world: 2030 the Agenda for Sustainable Development", the "Strategic Road Maps on National Economy and Key Sectors of the Economy of the Republic of Azerbaijan" confirmed by the Decree of the President of the Republic of Azerbaijan dated 6 December 2016, No.1138; and provision of flexible management in line with the identified socio-economic political course. It is no coincidence that EU Member States have accepted statistical capacity building as a commitment at the

United Nations Sustainable Development Summit. The measure to improve the national statistical infrastructure has been reflected in the "Strategic Road Map on the National Economy Perspective of the Republic of Azerbaijan" confirmed by the Decree of the President of the Republic of Azerbaijan dated 6 December 2016 No.1138.

Some of the objectives mentioned in the State Programme on Improvement of Official Statistics are: analysing business environment in all sectors; identification of key sectors of economy; economic expectations; factors impeding business development; decision-making for increasing benefits of business and investment environment; analysis of the status of micro, small and medium entrepreneurship; forecasting; and, expansion of statistical data coverage for preparation of development programs.

3.3 Linked activities:

EU Assistance

According to the Partnership and Cooperation Agreement (PCA), co-operation in the area of statistics shall have as its aim the development of an efficient statistical system to provide the reliable statistics needed to support and monitor the process of economic reform and contribute to the development of private enterprise in the Republic of Azerbaijan.

The EU-Azerbaijan European Neighbourhood Policy Action Plan (ENP AP) identifies statistics as a priority to be pursued under section 4.5.5 – Other key areas.

The reform of the National Statistics System is not directly indicated in the Institutional Reform Programme 1 (IRP1) – To work towards further deepening of bilateral economic and trade relations with European Union), developed within the Comprehensive Institution Building (CIB) Framework.

The Regional Programme on Statistics is designed in close collaboration with Eurostat in the Eastern Partnership (2017-2020), to support evidence-based policy making by improving the availability and quality of statistical data from the ENP East countries, as well as their dissemination to a wider public. The primary intention is to improve governance in partner countries and enhance the capabilities of EU monitoring both in the region and at a country level.

Twinning Projects

The first of two statistics Twinning projects, **“Support to the State Statistical Committee of the Republic of Azerbaijan (SSC) to reach European standards in national accounts, non-observed economy, business statistics and producer price index”** (Twinning number: AZ08/ENP-PCA/FI/06), 2009 –2012.

The project purpose was to support SSC by institutional twinning with an equivalent authority in one of the EU Member States for applying relevant methodologies. The first aim was to expand coverage of statistical areas that meet with national demands and European standards, in particular upgrading of national accounts that are compatible with ESA 95. The second aim was to create a basis for increasing awareness of the inter-play of statistical data in the compilation of national accounts based on ESA 95.

The second 2-year statistics Twinning project **‘Support to the State Statistical Committee in Modernisation of the National Statistics System of the Republic of Azerbaijan in line with European standards’** (Twinning number: AZ/14/ENP/ST/32), completion September 2017. The project purpose was to improve the quality management of official statistics and its dissemination (GIS) and to harmonise official statistics with EU standards in the areas of income and living conditions, disability and invalidity, and tourism.

The Twinning project "**Support to the Ministry of Taxes of the Republic of Azerbaijan in the field of Computer Assisted Audit System**" was launched in March 2011 and finished in May 2013 (26 months).

The implementation of the Twinning project "**Support to the Ministry of Taxes of the Republic of Azerbaijan in the field of human resources development**" started in September 2014 and completed in December 2016 (27 months).

The Twinning project "**Support to the Ministry of Taxes of the Republic of Azerbaijan in optimal use of resources and providing quality service to taxpayers**" was launched in March 2017.

An on-going Twinning Project, "**Support to the Ministry of Taxes of the Republic of Azerbaijan in Transfer Pricing and developing Anti-Tax Avoidance measures**", was launched in January 2018.

Technical Assistance (TA) Projects

The main purpose of the **Technical Assistance for EU Support to the State Statistical Committee of the Republic of Azerbaijan (SSC) to reach European Standards** was to strengthen the capacity of SSC in view of providing better quality statistical information required for implementing and monitoring economic reforms. The aim was also to improve the accessibility and understanding of this data by further adapting the national statistical system to international standards started in 2018. The project duration is 24 months.

The Regional Statistical Cooperation Project "Statistics through the Eastern Partnership" – STEP Project is the first regional project on statistics sector for EaP countries. Currently, the project is at the Inception Stage. Project activities for Azerbaijan determined on the base of desk review on EU and UN reference documents and country visits in May 2019. Priority activities of Azerbaijan were selected carefully not to cause any duplication in activities implemented through TA project. There are four general components implemented under this project:

- Improve the production and dissemination of good quality statistics;
- Increase the level of harmonisation of methodologies between EaP countries, and with the EU.
- Strengthen the institutional capacity of the NSIs of the region along the principles set out in the European Statistical Code of Practice
- Support evidence-based policymaking, ensuring that statistical evidence substantiates policy choices, through improved cooperation and coordination between the National Statistical Institutes, policymakers and line institutions.

The means for the project are delivery of technical assistance, seminars, workshops and trainings, pilot surveys and support for statistical publications.

Other Relevant Donor Projects

The main objective of the World Bank funded "**Establishment of Meta-Information System**" project was to assist State Statistical Committee in creating metadata systems. At the end of the project "**Technical Specifications for the Statistical Metadata System Development**" were elaborated, tools for the Statistical Metadata System were developed and SSC staff were trained.

The World Bank has undertaken a national strategy for the development of statistics / plan for improvement during 2017/18, with the vision of undertaking a system-wide programme during the 2020-25 period. Some concept papers for this process are already in preparation.

It is also understood that there is a dialogue with the IMF concerning national accounts.

As mentioned above Joint Adapted Global Assessment of the Azerbaijan statistical system was carried out in September 2016 and February 2017 by the European Commission (Eurostat), the European Free Trade Association (EFTA), and the United Nations Economic Commission for Europe (UNECE).

Two grant projects funded by Statistics Korea (KOSTAT) on “**strengthening statistical capacity and statistical human capacity**” have been implemented in 2018 and 2019 to strengthen the statistical capacity in the SSC in the field of establishing an integrated Statistical Data Base and Service System. The aim was also to increase the level of professionalism of the relevant staff of the State Statistical Committee in the field of social, economic statistics and conduction of the sample statistical surveys among households through implementing modern statistical training programs and innovative technologies.

The State Tax Service under the Ministry of Economy has also sought and received assistance from a range of development partners, including EU, WB and ADB. The State Tax Service under the Ministry of Economy has also engaged international consulting firm to guide a comprehensive organizational gap analysis and to better inform the strategy to deliver organizational reform etc. In addition, *the State Tax Service under the Ministry of Economy* has conducted its own self-assessment, using the TADAT methodology and is currently working with WB to further develop analysis using WB diagnostic tool.

3.4 List of applicable Union acquis/standards/norms:

Statistical requirements compendium - 2018 (annually updated).

Council Regulation (EEC) No 696/93 of 15 March 1993, statistical units for the observation and analysis of the production system in the European Community, OJ L 76, 30.3.1993

Regulation (EC) No 177/2008 of the European Parliament and of the Council of 20 February 2008 establishing a common framework for business registers for statistical purposes and repealing Council Regulation (EEC) No 2186/93, OJ L 61, 5.3.2008

Commission Regulation (EC) No 192/2009 of 11 March 2009 implementing Regulation (EC) No 177/2008 of the European Parliament and of the Council establishing a common framework for business registers for statistical purposes, as regards the exchange of confidential data between the Commission (Eurostat) and Member States, OJ L 67, 12.3.2009, p. 14

Commission Regulation (EU) No 1097/2010 of 26 November 2010 implementing Regulation (EC) No 177/2008 of the European Parliament and of the Council establishing a common framework for business registers for statistical purposes, as regards the exchange of confidential data between the Commission (Eurostat) and central banks. (1) OJ L 312, 27.11.2010, p. 1–6

Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2008 concerning structural business statistics (recast), OJ L 97, 9.4.2008, p. 13–59

Commission Regulation (EC) No 250/2009 of 11 March 2009 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council as regards the definitions of characteristics, the technical format for the transmission of data, the double reporting requirements for NACE Rev.1.1 and NACE Rev.2 and derogations to be granted for structural business statistics, OJ L 86, 31.3.2009, p. 1-169

Commission Regulation (EC) No 251/2009 of 11 March 2009 implementing and amending Regulation (EC) No 295/2008 of the European Parliament and of the Council as regards the series of data to be produced for structural business statistics and the adaptations necessary after the revision of the statistical classification of products by activity (CPA), OJ L 86, 31.3.2009, p. 170-228

Commission Regulation (EU) 2015/2112 of 23 November 2015 amending Annex I to Regulation (EC) No 251/2009 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council concerning structural business statistics, as regards the adaptation of the series of data following the revision of the classification of products by activity (CPA). (1) OJ L 306, 24.11.2015, p.4-6

Commission Regulation (EU) No 275/2010 of 30 March 2010 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council, as regards the criteria for the evaluation of the quality of structural business statistics, OJ L 86, 1.4.2010, p. 1

Commission Implementing Regulation (EU) No 439/2014 of 29 April 2014 amending Regulation (EC) No 250/2009 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council concerning structural business statistics, as regards the definitions of characteristics and the technical format for the transmission of data. (1) OJ L 128, 30.4.2014, p. 72–78

Commission Implementing Regulation (EU) 2015/1042 of 30 June 2015 amending Annex II to Regulation (EC) No 250/2009 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council concerning structural business statistics, as regards the adaptation of the technical format following the revision of the classification of products by activity (CPA). (1), OJ L 167, 1.7.2015, p. 61–62

Commission Regulation (EU) No 446/2014 of 2 May 2014 amending Regulation (EC) No 295/2008 of the European Parliament and of the Council concerning structural business statistics, and Commission Regulations (EC) No 251/2009 and (EU) No 275/2010, as regards the series of data to be produced and the criteria for evaluation of the quality of structural business statistics. OJ L 132, 03/05/2014, p. 13–31

Commission Regulation (EC) No 97/2009 of 2 February 2009 implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council concerning structural business statistics, as regards the use of the flexible subject area. OJ L 33, 3.2.2009, p. 6-7

EC Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, C(2003) 1422; and

The new SME definition, User guide and model declaration. European Commission. EN NB-60-04-773-EN-C 92-894-7909-4.

3.5 Components and results per component

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

Not only for Statistical Business Registers but also a significant part of data related with the business statistics will directly flow from the State Tax Service under the Ministry of Economy, data quality management standards should be applied to the State Tax Service under the Ministry of Economy databases. Hence this component will be managed by the State Tax Service under the Ministry of Economy. Along the time period of this component, relevant staff of the State Tax Service under the Ministry of Economy will be working closely with CL and relevant STEs.

The SSC will be the main stakeholder and co-implementer under this project component.

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

1.1.1 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 the State Tax Service under the Ministry of Economy databases and MLSP databases in order to maintain and update the SRSU.

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

1.1.3 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

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.

2.1.4 Missing business demography indicators determined.

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

Indicators of achievement

3.1.1 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.

3.1.2 A logical design for the renewal and expansion of software functions for the proper maintenance and updating the SRSU are developed and submitted.

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

This component will be managed by the SSC with necessary support from the State Tax Service under the Ministry of Economy. The SME Agency will be one of the main stakeholders during implementation of this component. The SSC will work closely with the CL and relevant STEs of this project.

Result 4: Business Statistics (BS) in Azerbaijan redesigned

Indicators of achievement

4.1.1 The methodological documents related to the BS with a list of missing variables and their publication identified and elaborated.

4.1.2 The roadmap on integration of business surveys into the new model as a methodological document with necessary amendments/proposals is drafted, adopted and disseminated.

4.1.3 Data collection processes simplified and standardized to improve the timelines.

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

4.1.5 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

Indicators of achievement

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

5.1.2 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.

5.1.3 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.

5.1.4 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.

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

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

Indicators of achievement

6.1.1 The training plan developed and delivered for reviewing and assessing the sampling designs used for Business Surveys

6.1.2 The training plan developed and delivered for use of analysis and forecasting techniques for SME data and statistics

6.1.3 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

6.1.4 The training plan is aligned with national training systems and it is adopted and in process of implementation by the end of the project.

3.6 Means/Input from the EU Member State Partner Administration(s)*:

The project will be implemented in the form of a Twinning contract between the Beneficiary Country and EU Member State(s). The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities and one

Resident Twinning Adviser (RTA) to manage implementation of project activities, Component Leaders (CL) and pool of short-term experts within the limits of the budget.

It is essential that the team has sufficiently broad expertise to cover all areas included in the project description.

Proposals submitted by Member State shall be concise and focused on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised and clearly show the administrative structure and capacity of the Member State entities. Proposals shall be detailed enough to respond adequately to the Twinning Fiche, but are not expected to contain a fully elaborated project. They shall contain enough detail about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The interested Member State(s) shall include in their proposal the CVs of the designated Project Leader (PL) and the Resident Twinning Advisor (RTA), as well as the CVs of the potentially designated Component Leaders-(CLs).

The Twinning project will be implemented by close co-operation between the partners aiming to achieve the mandatory results in sustainable manner.

The set of proposed activities will be further developed with the Twinning partners when drafting the initial work plan and successive rolling work plan every three months, keeping in mind that the final list of activities will be decided in cooperation with the Twinning partner. The components are closely inter-linked and need to be sequenced accordingly.

The RTA will be supported by a permanent RTA Assistant. In collaboration with the BA, the RTA assistant will handle administrative arrangements for training, seminars, etc. including provision of interpreters and the ensuring the translations. One assistant will be selected during the Twinning contract preparation period.

A full-time interpreter/translator may also be recruited in Azerbaijan and funded by the project. (S)he will perform most of the required interpretation/translation services. Whenever required and needed on a clear justified request, e.g. for simultaneous interpretation during seminars and workshops, additional interpretation may be procured and funded by the project. (S)he will provide day-to-day interpretation/translation to the RTA and project experts during meetings.

The RTA will be supported by his/her MS administration for logistics, accounting and administrative tasks.

3.6.1 Profile and tasks of the PL:

The Project Leader (PL) from the MS should be a high-ranking civil servant or an equivalent senior manager in a MS national body with sufficient work experience in the field relevant to the project and backing at political level. The PL will supervise and coordinate the overall thrust of the project. (S)he will direct the project and will ensure that all the required strategic support and operational input from management and staff of the MS side are available. Together with the Beneficiary PL, (s)he will organize and attend the Project Steering Committee (PSC) meetings.

Requirements:

- University level education or equivalent professional experience of 8 years
- Minimum of 3 years of professional experience, at a senior management level, in her/his MS public service in the business statistics or business registers or similar

- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);

Assets:

- Experience in project management and ideally twinnings
- Previous experience in IPA countries or CIS

Tasks:

- Overall coordination and managing of the implementation of the project in cooperation with the BC Project Leader
- Ensuring sound implementation of the envisaged activities
- Monitoring and evaluating the needs and priorities in the respective sector, project risks, progress against the project budget, benchmarks, and outputs, and taking any necessary remedial actions if needed
- Coordination of MS expert work and availability
- Ensuring backstopping and financial management of the project in the MS
- Participation in Steering Committee meetings

3.6.2 Profile and tasks of the RTA:

(S) he will reside for the entire implementation period of 18 consecutive months in Azerbaijan and work full-time for the project. The RTA is expected to be actively involved in the implementation of all activities.

Requirements:

- University level education or equivalent professional experience of 8 years
- Minimum 3 years of experience in business statistics/ SME statistics or business registers or similar
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);

Assets:

- Experience in capacity building and ideally twinnings
- Previous experience in IPA countries or CIS

Tasks:

- Day to day management of the project in the beneficiary institution
- Assist with organization of visibility events (kick-off and final event)
- Assist with organization of Steering Committee meetings
- Participation in Steering Committee meetings
- Providing technical advice on EU policies and best practices
- Networking with institutions relevant to this project in Azerbaijan and in EU MS

- Preparation of Terms of Reference (ToR) for the Short-Term Experts' (STEs') and assist with their missions
- Assessing continuously the Twinning-project at all stages and comparing actual progress with the specified benchmarks and timeframe
- Supervise the planning of study visits to MS-countries administrations
- Liaising with the BC Project Leader and RTA Counterpart on regular basis
- Liaising with the EU Delegation and the PAO of Azerbaijan
- Assist MS PL with preparing interim, quarterly and final reports
- Reporting to the MS-Project Leader

3.6.3 Profile and tasks of Component Leaders:

Tasks for all component leaders:

- Coordination and implementation of the project activities related to their component in close cooperation with the BC component leader, RTA and RTA counterpart
- Preparation of Terms of Reference (ToR) for short term expert missions relevant to their component and overseeing the implementation of STE missions.
- Continually monitoring objective achievements related to their component and comparing actual progress with the specified benchmarks and time-frame
- Support RTA in preparation of the interim, quarterly and final reports related to their component

Assets for all component leaders

- Previous capacity building experience, ideally in twinning
- Previous experience in managing a team of experts
- Previous experience in IPA countries or CIS
- Azerbaijani, Turkish or Russian language skills

3.6.3.1 Component Leader 1:

Requirements:

- University level education or equivalent professional experience of 8 years
- Minimum 3 years of experience in business registers either in the NSO or the Tax Authority
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);

Assets:

- Experience in designing, maintenance and update of statistical business registers
- Experience with preparation of business processes for collaboration between the NSO and a Tax Authority.

3.6.3.2 Component Leader 2:

Requirements:

- University level education or equivalent professional experience of 8 years
- Minimum 3 years of experience in business statistics/ SME statistics
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);

Assets:

- Experience in preparation of desktop publications and/or dissemination of business statistics/ SME statistics

3.6.3.3 Component Leader 3:

Requirements:

- University level education or equivalent professional experience of 8 years
- Minimum 3 years of experience with the preparation and/or provision of statistical trainings
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);

Assets:

- Experience in development of training manuals and materials
- Experience with sampling for collection of business statistics/SME statistics
- Experience with data analysis and/or forecasting techniques

3.6.4 Profile and tasks of other short-term experts:

Requirements:

- University level education or equivalent professional experience of 8 years in a discipline relevant to the assignment
- Minimum 3 years of experience in a subject relevant to the assignment
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);

Assets:

- Previous capacity building experience, ideally in twinning
- Azerbaijani, Turkish or Russian language skills
- Previous experience in IPA countries or CIS

The STEs should be identified by the Project Leader/RTA and will be agreed with the Beneficiary Administration during the negotiation phase of the Twinning contract and following these indicative (but not exclusive) areas:

- A high-level understanding on statistical units in the Statistical Business Registers
- Production of Business statistics/SME statistics
- Dissemination of business/SME statistics
- IT-systems analysis and design for maintaining business registers
- GSBPM
- Statistical sampling

- Statistical analysis and forecasting
- Big data analytics
- Desktop publishing and preparation of statistical reports with the focus on infographics
- Others (to be defined in the proposal and/or during the contracting phase)

STEs main tasks

- Provision of specific expertise defined in a ToR
- Know-how transfer according to the ToR prepared by the RTA and BC
- Reporting on missions and including detailed recommendations for follow up

** Contracting authorities should note that if using "minimum" as reference since proposals not meeting this requirement will have to be considered non-compliant and the joint experience of the team (PL, RTA, Component Leaders) in such cases cannot compensate for the minimum requirement not being met.*

** Contracting authorities are invited to carefully consider the level of private sector expert input and define the maximum level accepted if possible.*

4. Budget

Maximum Budget available for the Grant EUR 1,000,000.

5. Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting (AO/CFCE/PAO/European Union Delegation/Office):

The Delegation of the European Union to the Republic of Azerbaijan (EUD) in Baku, Azerbaijan will be responsible for the tendering, contracting, payments and financial reporting. EUD will work in close co-operation with the Beneficiary.

The persons in charge of the project at the EUD are:

Mrs. Ulviya Abdullayeva

Programme Manager

Tel. +994 12 497 20 63 (ext. 845)

ulviya.abdullayeva@eeas.europa.eu

Mrs. Simona Gatti

Head of Cooperation/Minister Counsellor

Tel. +994 12 497 20 63 (ext. 853)

Simona.Gatti@eeas.europa.eu

Mrs. Milena Mitevova

Head of Contracts, Audit and Finance

Tel. +994 12 497 20 63 (ext.830)

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Address: Landmark III, 11th Floor, 90A, Nizami str.,
AZ 1010 Baku, Republic of Azerbaijan
<http://eeas.europa.eu/delegations/azerbaijan>

Programme Administration Office in Azerbaijan (PAO)

Mr. Ruslan Rustamli, Director Programme Administration Office in Azerbaijan (PAO)
Head of the Department on Cooperation with International organizations
Ministry of Economy of the Republic of Azerbaijan
6th floor, Government House,
84 Uzeyir Hajibayli str.
Baku, AZ 1000
Republic of Azerbaijan

5.2 Institutional framework

The beneficiary SSC will ensure coordination on a regular and institutionalised basis – e.g. monthly meetings of working groups, with representatives from State Tax Service under the Ministry of Economy and all other relevant stakeholders.

5.3 Counterparts in the beneficiary administration:

The PL and RTA counterparts will be staff of the Beneficiary administration and will be actively involved in the management and coordination of the project.

5.3.1 Contact persons:

Mr. Farid Guliyev
Head of International Relations Department
State Statistical Committee
Inshaatchilar Avenue, 81
AZ-1136 Baku

Mr Eldar Babazade
Head of International Research and Project Management Unit
State Tax Service under the Ministry of Economy

Mr. Tural Babayev
Chief State Tax Inspector
International Research and Project Management Unit
State Tax Service under the Ministry of Economy
L. Landau str. 16, Baku, AZ

5.3.2 PL counterpart

Mr. Gasim Aliyev

Head of strategic planning and coordination of statistical works department

State Statistical Committee

Inshaatchilar Avenue, 81

AZ-1136 Baku

5.3.3 RTA counterpart

Ms. Aytan Narimanli

Leading Advisor, International Relations Department

State Statistical Committee

Inshaatchilar Avenue

AZ-1136 Baku

During the contracting phase of the project, the beneficiary administration will nominate leaders for each of the components.

6. Duration of the project

The execution period will be 17 months.

7. Management and reporting³

7.1 Language

The official language of the project is the one used as contract language under the instrument (English/French). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements *via-à-vis* the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan.

Beneficiary of the project the State Statistics Committee will work closely and coordinate all relevant activities with the State Tax Service under the Ministry of Economy. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each

³ Sections 7.1-7.3 are to be kept without changes in all Twinning fiches.

meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements via-à-vis the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8. Sustainability

The achievements of this Twinning project (from results per component to impacts) should be maintained as a permanent asset to the beneficiary administration even after the end of the Twinning project implementation. This presupposes inter alia that effective mechanisms are put in place by the beneficiary administration to disseminate and consolidate the results of the project. To this end the beneficiary administration has nominated, for each component of the Twinning project, a beneficiary component leader. These component leaders will coordinate and promote activities during the implementation of the project and ensure that project outputs shall be used and followed up after the closure of the project.

The Twinning project will have to seek sustainable solutions and approaches based on the adoption of best practices and thus prepare the grounds for Azerbaijani enhanced compliance with the selected EU *acquis* and specifically best European practices in the field of business registers, business statistics and SME statistics.

Sustainability issues will be further elaborated in the course of the preparation of the project contract as a joint responsibility of the MS partner and the Beneficiary Administration. Besides, in the final report, twinning partners will include specific recommendations and strategies for consolidating and safeguarding the achievement of mandatory results in the beneficiary administration.

The project is designed so that it addresses diverse but interrelated issues in a coordinated manner. It provides the opportunity to strengthen the policy dialogue and legislative framework for business registers, business statistics and SME statistics in Azerbaijan. It will enhance the administrative, professional and technological capacities of the beneficiary administration. It envisages the participation of various relevant stakeholders in a process designed to improve the system for enforcement of copyright and related rights. An enduring legacy of the project will be the assistance provided to build the national cultural aggregator.

The Twinning shall seek sustainable solutions and approaches based on best EU practice adapted to the Azerbaijani context. Assessment of regulatory and fiscal impact of concepts and regulation to be developed under this Twinning shall ensure that full cost of implementation of such concepts and regulation are known and provided for in future budgets. Long term benefits of such concepts and regulation shall outweigh cost.

To ensure further sustainability, the beneficiary administration shall be provided with most written project outputs in both languages, English and Azerbaijani. The budget established for this twinning has taken relevant cost for translation into account.

9. Crosscutting issues (*equal opportunity, environment, climate etc...*)

The proposed project will comply with EU equal opportunity policies. Equal treatment of women and men in project implementation at all levels will be one of the most important principles in the project management and implementation. The beneficiaries are already equal opportunity employers. In particular, great attention will be given to the equality principle in the training of personnel and the recruitment of the STEs. Of course, appropriate professional qualifications and experience will be the main decisive factors in personnel recruitment and evaluation but, subject to that, both women and men will have identical prospects.

The principle of implementation of this Twinning project is based on a paperless work environment. This means, in particular, minimising paper use during project implementation by the maximum feasible use of e-mails and, if available, project web-site and/or project electronic data base for co-operation between partners. Documents are automatically saved in electronic format.

10. Conditionality and sequencing

There is no special precondition for the start and implementation of the project. The SSC and the State Tax Service under the Ministry of Economy commits themselves to provide the contributions stated in the Fiche. They include such as:

- Strong commitment and support of the SSC and the State Tax Service under the Ministry of Economy managements to the Project implementation;
- Strong involvement and commitment of the SSC and the State Tax Service under the Ministry of Economy staff at all levels;
- Assigning dedicated staff to activities connected with the Project;
- Ensuring coordination between departments and institutions connected with the Project;
- Ensuring access to indispensable information and documents;
- Adequate conditions for the STEs to perform their work while on mission to the BIs;
- Strong coordination with other technical assistance programs;
- In time and strong coordination and acknowledgement with the beneficiary country's EU-Azerbaijan Partnership Priorities.

The project specific activities will be defined and prioritized based on close coordination between the MS and BC partners according to the Logical Framework.

11. Indicators for performance measurement

- A roadmap or action plan 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.
- A business case for compliance of statistical units in the SRSU;
- The logical design of a software functions for proper maintenance and updating SRSU;
- The Business Statistics redesigned;
- Preparation, presentation and dissemination of the Annual SME statistics report supported;
- Training plans on statistical design, analysis, reporting and dissemination prepared and trainings provided.

12. Facilities available

Beneficiary administration, State Statistics Committee will provide the RTA and other MS experts with office space in its main building in Baku, equipment (computers, printer, telephone and internet access) and other provisions as stated in the Common Twinning Manual.

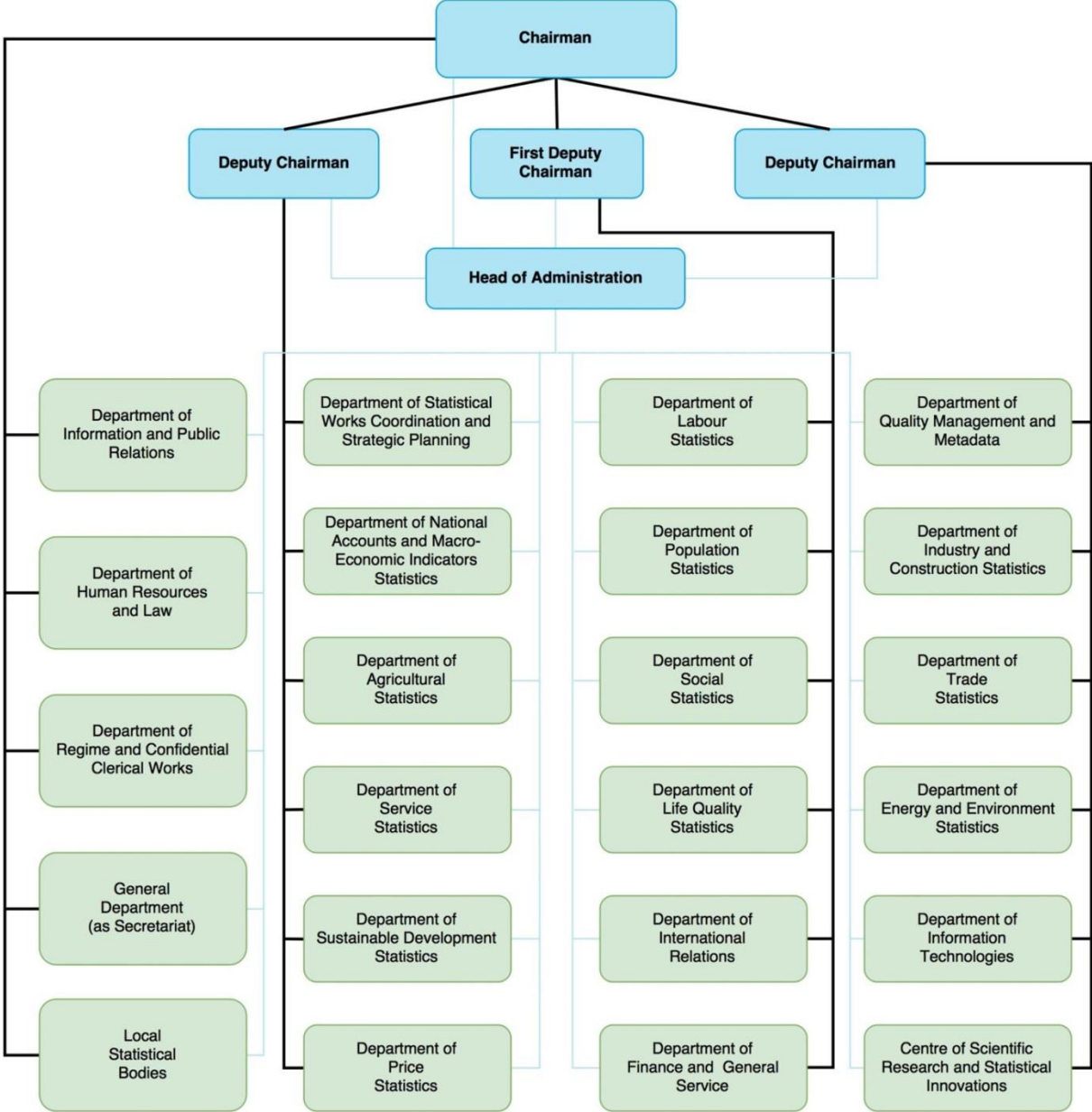
List of abbreviations

ACL	Audit Common Language
AGA	Adapted Global Assessment
BA	Beneficiary Administration
BC	Beneficiary Country
CIB	Comprehensive Institution Building
CPA	Classification of Products by Activity
DESAP	European self-assessment checklist for survey managers
Destatis	German Federal Statistical Office
EaP	Eastern Partnership
EEC	Council Regulation
EFTA	European Free Trade Association
ENP AP	European Neighbourhood Policy Action Plan
ESA	European System of Accounts
ESMS	Euro-SDMX Metadata Structure
EU	European Union
Eurostat	Statistical Office of the European Communities
FRIBS	Framework Regulation for Integrated Business Statistics
GDP	Gross Domestic Product
GIS	Geographic information System
GSBPM	Generic Statistical Business Process Model
HBS	Household budget survey
IPA	Instrument for Pre-Accession Assistance
IRP	Institutional Reform Programme
KAU	Kind-of- activity unit
KOSTAT	Statistics Korea
MLSP	Ministry of Labour and Social Protection
MOE	Ministry of Economy
MS	Member State
NOE	Non-observed economy
NSI	National Statistical Institutes
NSO	National Statistical Office
NSS	National Statistical System
OECD	Organisation for Economic Co-operation and Development
PAO	Programme Administration Office
PCA	Partnership and Cooperation Agreement
PL	Project Leader
PPI	Producer Price Index
PSC	Project Steering Committee
RTA	Resident Twinning Advisor
SBA	Small Business Act for Europe
SBR	Statistical Business Registers
SBS	Structural business statistics

SEEA	System of Environmental-Economic Accounting
SILC	Survey of Income and Living Conditions
SME	Small and Medium-sized Enterprises
SRSU	State Register of Statistical Units
SSC	State Statistical Committee
SSF	Single Support Framework
STE	Short-Term Experts
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TAIEX	Technical Assistance and Information
TIN	Tax Identification Number
ToR	Terms of Reference
TOT	Training of Trainers
UNECE	United Nations Economic Commission for Europe

ANNEX TO PROJECT FICHE

1. The Simplified Logical framework matrix as per Annex C1a (compulsory)
2. Organigram - the State Statistics Committee



Simplified Logical Framework

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
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	<ul style="list-style-type: none"> - New SMEs policies made - SMEs policies monitored and evaluated - SMEs overall performances measured, - SMEs indicators collected, analyzed and disseminated - SMEs contribution to GDP measured 	<ul style="list-style-type: none"> - New statistical products; - AZ statistical reports; - OECD/ EUROSTAT statistical or analytical reports; - Monitoring/assessment reports by international organisations; - Policy papers, guidelines; - Quality reports; - Project interim and final report. 	The beneficiaries suspend implementation of the project	The Government of Azerbaijan remains committed to its overall reform path in increase in the SMEs performance in the economy.
Specific (Project) Objective(s)	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 align the Business Statistics Methodology with EU standards and business statistics oriented on future data requirements.	<ul style="list-style-type: none"> - 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 SCS and the State Tax Service under the MOE with the counterparts and major users on business /SME statistics increased; 	<ul style="list-style-type: none"> - AZ statistical reports; - OECD/ EUROSTAT statistical or analytical reports; - Participant's list; - Training lists; - The List of new statistical products; - Project documentation (analysis reports, quality assessment reports, training programmes, materials, recommendations, guidelines and etc); - Project interim and final reports; 	<p>Government lacks maintaining its commitments on adoption of relevant legal, administrative and technical environment to support the accession of Azerbaijan to the relevant Eurostat regulations, norms and standards</p> <p>Workload of the beneficiaries for completion of activities on time</p> <p>Two beneficiaries may not harmonize their tasks accordingly</p>	<ul style="list-style-type: none"> - Strong support and commitment from the senior management of the SCS and State Tax Service under the MoE; - Strong support and commitment from twinning partner(s); - Relevant staff of the SCS and State Tax Service under MoE available and involved in the process.

<p>- Component 1:</p> <p>A unified approach for improved quality of information exchange with the State Tax Service under the Ministry of Economy databases is implemented</p> <p>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</p> <p>Result 2: A business case for compliance of the statistical units in the SRSU developed</p> <p>Results 3: A logical design for the renewal and expansion of the software functions for proper maintenance and updating SRSU is provided</p>	<ul style="list-style-type: none"> - 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. - 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. - 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. 	<ul style="list-style-type: none"> - Analytical reports, roadmaps, action plans and recommendations and the numbers disseminated - Minutes of stakeholder consultation meetings/roundtables - Copies of training plan, programs and training materials - Participant lists and numbers of participants - Training/workshop results report - Questionnaires filled by training/workshop participants - Business case, - Methodological guidelines, analytical reports, roadmaps, action plans and recommendations and the numbers disseminated - Minutes of stakeholder consultation meetings/roundtables - Participant lists and numbers of participants - Business demography indicators - Analytical reports, logical design, action plans and recommendations disseminated - Minutes of stakeholder consultation meetings/workshops - Copies of workshop plan, programs and training materials - Participant lists and numbers of participants - Workshop results report - Questionnaires filled by workshop participants 	<p>The SSC and the State Tax Service under MOE lacks maintaining its commitments on adoption of relevant legal, administrative and technical environment to support the accession of Azerbaijan to the relevant Eurostat regulations, norms and standards</p> <p>Workload of the beneficiaries for completion of activities on time</p> <p>Two beneficiaries may not harmonize their tasks accordingly</p>	<ul style="list-style-type: none"> - Strong support and commitment from the senior management of the SCS, the State Tax Service under MoE, and the MLSP; - Interest from stakeholders such as the MLSP in attending discussion and data collection meetings - Interest from the MLSP to cooperate with the SSC and the State Tax Service under MoE; - Relevant staff of the SCS, the State Tax Service under MoE and MLSP available and involved in the process. - Good cooperation between project partners; - All relevant documentation and information available
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<p style="text-align: center;">Mandatory results/outputs by components</p>	<p>- Component 2:</p> <p>The production of business statistics/ SME statistics in terms of content and organization is upgraded</p> <p>Result 4: Business Statistics in Azerbaijan redesigned;</p> <p>Result 5: The preparation, presentation and dissemination of Annual SME statistics report supported in line with EU/OECD definitions;</p>	<ul style="list-style-type: none"> - 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. - 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. 	<ul style="list-style-type: none"> - Methodological documents, analytical reports, road maps, action plans and recommendations disseminated - Minutes of stakeholder consultation - Copies of workshop plan, programs and training materials - Participant lists and numbers of participants - Workshop results report - Questionnaires filled by workshop participant - Analytical reports, proposals, concepts and draft measure fishes, - Analytical reports, proposals, concepts and draft measure fishes - Minutes of stakeholder consultation meetings/roundtables, 	<p>The SSC and the State Tax Service under MoE lacks maintaining its commitments on adoption of relevant legal, administrative and technical environment to support the accession of Azerbaijan to the relevant Eurostat regulations, norms and standards</p> <p>Workload of the beneficiaries for completion of activities on time</p> <p>Two beneficiaries may not harmonize their tasks accordingly</p>	<ul style="list-style-type: none"> - Strong support and commitment from the senior management of the SCS, the State Tax Service under MOE, and the MLSP; - Interest from stakeholders such as the MLSP in attending discussion and data collection meetings - Interest from the MLSP to cooperate with the SSC and the State Tax Service under MoE; - Relevant staff of the SCS, the State Tax Service under MoE and MLSP available and involved in the process. - Good cooperation between project partners; - All relevant documentation and information available
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	<p>- Component 3:</p> <p>Capacity of the SSC, the State Tax Service under the Ministry of Economy and the SME Agency staff improved</p> <p>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</p>	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - Copies of training plan, programs and training materials - Participant lists and numbers of participants - Training results report - Questionnaires filled by training participants 	<p>The SSC and the State Tax Service under MoE lacks maintaining its commitments on adoption of relevant legal, administrative and technical environment to support the accession of Azerbaijan to the relevant Eurostat regulations, norms and standards</p> <p>Workload of all beneficiaries for completion of trainings on time and releasing their staff for training at the same time</p>	<ul style="list-style-type: none"> - Strong support and commitment from the senior management of the SCS, the State Tax Service under MoE, and the MLSP; - Interest from stakeholders such as the MLSP in attending discussion and data collection meetings - Interest from the MLSP to cooperate with the SSC and the State Tax Service under MoE; - Relevant staff of the SCS, the State Tax Service under MoE and MLSP available and involved in the process. - Good cooperation between project partners; - All relevant documentation and information available
<p>Sub- results per component (optional and indicative)</p>					

OVERALL OBJECTIVE: Indicate the global strategic objective which goes beyond the immediate scope of the project but to which the project can contribute. The overall objective should be linked to the general sector reform in the Beneficiary country, as agreed in the framework of the definition of cooperation with the EU.

These are the changes in the political, social, economic and environmental global context which will stem from interventions of all relevant actors and stakeholders in the project. These require the involvement of third parties that were not direct beneficiaries of the intervention. Hence, changes are indirectly influenced by EU Intervention.

Specific PROJECT OBJECTIVE(S): Identify the specific objective(s) that shall be achieved through the implementation of the Twinning project. These are the effects on the political, social, economic and environmental areas targeted by EU intervention as well as changes in behaviour of Beneficiaries of EU intervention.

MANDATORY RESULTS/OUTPUTS: Describe each of the results that shall be achieved by the project, as outlined in the Twinning Fiche. Each mandatory result/output should correspond to a "project component". Please include one line per component.

INDICATORS: (with relevant baseline and target data): Provide an indication of how the achievement of each component of the mandatory results, from sub results per component to outcomes (specific objectives) and to impact (overall objective), will be measured. Make sure that the indicators define the following, as appropriate: 1. Value of measurement (Quantity or Quality); 2. Baseline and target (values and times); 3. Actors in charge of data collection and reporting; 4. Target Group; 5. Deadline for reporting; 6. Place. Baseline and target data, as indicated in the Twinning Fiche, to be mentioned in brackets next to each indicator. Indicators may be revised if deemed appropriate when drafting the initial work plan.

SOURCES OF VERIFICATION: For every component, specify the sources of information from which evidence can be obtained that the targets have been achieved: e.g. independent reports, surveys, Official Journal, Commission reports, etc.

RISKS: Mention external factors which can potentially hinder the successful implementation of the project, including any event beyond the control of the main actors involved.

ASSUMPTIONS: Specify the external conditions and/or third parties initiatives which can influence the implementation of the project to the point that only their fulfilment can guarantee its success. These are the necessary and positive conditions that allow for a successful cause-and-effect relationship between different levels of results.

INDICATIVE SCHEDULE (example)

Project Month	1	2	3	4	5	6	7	8	9	10	11	12
RTA and related activities												
RTA start date												
RTA assistant(s) selection(s)												
Horizontal activities												
Initial work plan preparations												
Steering Committees												
Communication and Visibility activities												
Mandatory results/outputs												
Component 1: Title												
Component 2: Title												
Component 3: Title												
Component N: Title												