TWINNING PROJECT

**Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production**

Ukraine



**REPORT ON THE STUDY VISIT**

**to the Central Statistical Bureau of Latvia**

24-26 November, 2014, Riga Latvia

**Component 5: Structural business statistics**

**Participants:**

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The study visit to the Central Statistical Bureau of Latvia was organised within the framework of the Twinning Project “Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production” and took place in Riga on 24-26 November, 2014.

The main purpose of the study visit to the Central Statistical Bureau of Latvia was to get familiar with Latvian methodology and calculation of structural statistics indicators, including natural persons-entrepreneurs; assessment of comparability of interconnected structural statistics indicators in accordance with Eurostat document "The SBS validation process".

The following issues were discussed during the study visit:

* organization and conducting of SBS survey (indicators, surveyed units, reporting units, methods of collecting, processing and generalization of SBS data) and statistical tools to conduct a structural business survey;
* procedure and methodology of calculating primary and derivative SBS indicators, including data on natural persons-entrepreneurs and sources of data used to perform the relevant calculations;
* Latvian practice of SBS data quality checks.

The participants of the study visit got familiar with the Integrated Statistical Data Management System (ISDAVS) and Latvian statistical register of enterprises and its role in the preparation of SBS data.

*Study Latvian practice of calculating SBS indicators, including data on natural persons-entrepreneurs.*

EU experts Ilona Kallione, Olena Voronova and Olena Jakova presented Latvian methodology and practical aspects of calculation of SBS indicators.

The EU experts also presented available sources of information (statistical questionnaires and administrative data) used to compile SBS indicators, composition and volume of business population, specifics of usage of administrative data and methods to calculate structural indicators taking into account this data.

It was noted that the total population of active units for conducting structural survey, formed within the statistical register of enterprises, is divided into three groups:

- large enterprises (with the number of employees >100 persons), censused.

- medium enterprises (with the number of employees from 10 to 99), sampled (observed through sample survey);

- small enterprises (with the number of employees no more than 10), the calculation of SBS indicators based on administrative data from State Revenue service (financial reports).

To medium businesses that are in the total population, but have not sent back a completed SBS questionnaire, imputation (reconstruction of data) on the basis of financial reports is applied. This calculation (direct imputation, "the nearest neighbour" method, calculation by structure method) is performed on each unit, provided that it is active (carried out economic activities during the reporting year).

When the SBS indicators are calculated the following entities are covered:

* enterprises – legal entities;
* natural persons engaged in economic activity.

SBS indicators on business activity of the latter category are calculated basing on administrative data (tax declarations) that CSB Latvia receives from State Revenue service in personalized form under the current agreement on information cooperation between those agencies.

Participants worked up on the algorithms of transformation of administrative data on natural persons- entrepreneurs (number of entities, their turnover and costs) that carry out economic activities, into SBS indicators as stipulated by the EU Regulation № 295/2008 on structural statistics.

*2. Study Latvian practice of SBS data quality checks.*

Latvian practice of aggregated data quality checks according to Eurostat document "The SBS validation process" was discussed. Quality checks of consolidated and derivative SBS indices in accordance with the recommendations of Eurostat are conducted by Latvian SBS experts, in particular:

- validation of data aggregation for all levels of detalization (e.g., by type of industry, etc.);

- verification of indicators correlations (such as "value-added by types of production" and "volume of production", "turnover" and "number of employed persons", etc.) to the existing correlation between corresponding indicators;

- comparison of structural indicators ("number of enterprises", "turnover", "staff costs", etc.) from the previous year, taking into account economic growth and inflation. The national accounts indicator "gross domestic product" used as indicator linked to economic growth, "CPI" indicator used as an indicator that is linked to inflation.

Most of the above mentioned checks (controls) are carried out in an integrated automated system ISDAVS, which processes 93% of Latvian statistical surveys and which receives data from administrative sources.

Latvian CSB Experts in structural statistics confirmed that quality of the SBS survey indicators improved significantly after the implementation into national practice of aggregated data quality checks provided in the Eurostat document "The SBS validation process".

Overall, the study visit was very well organized, the knowledge acquired by the SSSU experts will be applied into practice with the purpose to further improve Ukrainian structural statistics, as foreseen in the Strategy of state statistics by 2017, particularly in the development of methodology for calculation of a diversified range of SBS indicators including natural persons-entrepreneurs in accordance with European practice and introduction of data quality validation (checks) into Ukrainian statistical practice in accordance with the recommendations of Eurostat.