TWINNING CONTRACT

Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards

Ukraine

MISSION REPORT

on

Statistical Business Register

Component no 1.3.5

Mission carried out by
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List of Abbreviations

LS Statistics Lithuania
KVED 5 Ukrainian version of Nace Rev. 1.1
KVED 10 Ukrainian version of Nace Rev. 2
SBR Statistical Business Register
SD Statistics Denmark
SSSU State Statistics Service of Ukraine
ToR Terms of Reference

General comments

This mission report was prepared within the Twinning Project "Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards." It was the fifth mission to be devoted to Statistical Business Register within Component 1.3 of the project.

The mission was aimed at assessment of the draft procedures for generating and updating general population units of statistical surveys (enterprises, local units); discussing methods of quality assessment of the general list of statistical surveys units (frozen list) and discussing the methodology on statistical register indicators and business demography with the view of publishing them.

The consultant would like to express their thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Ukraine, and which highly facilitated the work of the consultant. The enthusiastic discussions concerning the different subjects made it easier to find where it was most important to concentrate.

This views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, SSSU, Statistics Denmark or Statistics Lithuania.

Assessment and results

Results from current mission

During the mission issues regarding the processes on productions of frozen lists and the quality of frozen lists where discussed as well as business demography and other publications from the business register.

The topics covered and the recommendations are covered in the conclusions and recommendations section.

One issue will be addressed specifically here: the procedure and use of frozen lists.

The SBR is updated continuously with administrative information and feed-back from statistics and other sources. The events in the register can be separated into two categories: demographic and statistical. The first is inclusion of new enterprises, closure of enterprises, mergers, buy-ups, split-up and sell-outs, whereas the latter is new information on turnover, employment, addresses and activity codes.

When a frozen list is created mid-November it is a fixed picture of the register at that point in time. Already the next day, this picture has changed. The question and challenge is then, how can statistics use the frozen lists?

First thing is that it is dependent on the scheme of the statistics. Whether it works with a fixed population for a full year or updates the population continuously. In the first case a population is drawn from the frozen list and questionnaires sent to active enterprises using the current addresses and information on activity from the live register. Ex-post data collection information on activity code etc. is updated from SBR for use in the statistical production.

In the case of continuously updated populations, i.e. most STS, rules must be defined how to govern this. Closed and inactive enterprises should obviously be removed, but how should the new enterprises be included? It might be different from statistics to statistics but it might be

advisable to keep the options well defined and low in number. One option could be to drawn from the new enterprises using extraction rules of the original survey.

Mergers, buy-outs, split-ups and sell-outs are more complex in nature and one fixed rule on treatment of these cases might not be possible, at least not for the larger cases. In this case a common agreement must be found in each case to ensure a uniform application of the change that also ensures consistent time series in statistics.

Assessment of the overall results of the component and future work

Within the component a lot of results have been achieved in the course of the project. The objectives have been achieved and in some cases the objectives were expanded.

Among the objectives that have been achieved is the recoding process to change from NACE rev. 1 to NACE rev. 2, back-casting procedures, double coding of activity codes in the frozen lists and establishing frozen lists.

Some issues remains still to be done in the near future, like establishing a set-up of business demography, improve the quality and the process of the frozen list, implement NACE 2 in published statistics ending with the National Accounts in 2014 and publish statistics on the number of enterprises.

A new project within the Twinning frame is expected to be signed on within a year with the topic of enterprise groups in the business register. In order to prepare for this, it might be a good idea already now to establish contact with potential data providers, like tax authorities, that might have information on the dependency between enterprises.

Conclusions and recommendations

A number of issues were discussed relating mostly to the development and use of frozen lists and the business demography.

Quality of frozen lists
The quality of the frozen lists was discussed since statistics and regions often came up with changes to the frozen lists after it had been closed.

The recommendation is to have a strict process where statistical divisions and regions are involved and invited to make suggestions and changes before the list is finalised.

Also in case of doubt or discussion a common agreement should be reached that all can accept and live with. For statistics the price is that a common agreement must be followed. For SBR the price is that they have to listen to the input of statistics.

No changes in the frozen list
As a consequence of the above no changes can be made to the final frozen list. The only exception is when significant errors that should have been included in the frozen list are discovered. This may result in a change in the frozen list.

There will be changes in the business register after the frozen list is closed. These changes should not be included in the frozen list but should be in the business register. Common rules and guides how to deal with these cases should be draw up in agreement with the statistical division.

Division on responsibility and time schedule

It is necessary to specify the responsibility in the process of making the frozen list and say who has to do what and to have a clear time schedule for all to follow. The process involves many stakeholders between the SBR, the statistical division and the regional offices and without a firm management the creation and use of frozen list will not succeed.

In order to manage the responsibilities, a SBR user forum is essential. The user forum consists of SBR staff and representatives from the statistical divisions and the purpose of the forum is to discuss and agree on treatment of the complex cases to ensure all views have been heard.

Register for agriculture
The agriculture register should be separated from the SBR primarily because the data sources are different and typically not related to the legal units.

It is however important that the distinction between the two registers are clear and the overlapping units if any are known and more importantly, that there are no gaps in between.

Publication of business unit
It is a good idea to publish the number of enterprises if there is a demand for it. It is however important to explain the reasons for differences between the numbers of enterprises in the administrative register and in the statistical register.

Treatment of bankruptcy or liquidated enterprises
It is recommended to study the legislation on bankruptcy and liquidation of enterprises in order to understand when they can have activity and when not and thus when they are relevant to the business surveys.

Business demography
The regions can be utilised in the process since they are in charge of data collection and much closer to the enterprises. The regional offices may be able to give supplementary information to support the uncertain cases. A set of relevant questions might be developed for the regions to answer.

The current data with frozen lists for 2010, 2011 and 2012 gives a basis for the production of business demography for the year 2011.

It will be best to have business demography for at least two years before publishing.

Even though there is not enough data yet to publish, it is advisable to set up the production system to deal with the cases closer to the real event rather than wait for several years.

Eurostat has described some quality indicators to be used in a quality report. LT will provide an example.

Quality measurement on SBR
There is no required quality report but for internal uses it is a good idea to produce some tables on SBR quality.

Since there is no requirement there is not a standard on how to measure SBR quality but a comparison between years and between the SBR and other sources like SBS can be a good indicator. Indicators can be a measurement of changes or how many missing values.

With frozen list for several years available a deeper analysis can be made to assess whether the quality is improving or not.

Annex 1. Terms of Reference

Twinning Project

"Development of Ukrainian Statistical Methodologies in line with EU Standards"

Terms of Reference
for a short-term Mission to the State Statistics Service of Ukraine

Activity 1.3.5 "Implementation of NACE rev.2 in the Business Register and dissemination of the register data based on NACE rev.2"

Background information

Statistics Denmark in partnership with Statistics Finland, Statistics Lithuania, Central Statistical Bureau of Latvia, Statistical Office of Slovak Republic, INE Spain - National Statistical Institute of Spain and Statistics Sweden, implements in Ukraine "Development of New Statistical Methodologies and Indicators in Selected Areas of Statistics in Line with EU Statistical Standards" Twinning Project. The State Statistics Service of Ukraine (State Statistics of Ukraine) is the Beneficiary of this Project).

This action is being implemented under Component 1.3. "Business Register".

The purpose of this Component is to implement the Economic Activity Classification based on NACE rev.2 in the statistical business register.

This action will contribute to achieving the abovementioned objective and reference indicators specified in the contract. The results of the conducted activity will facilitate preparation of the Procedures for generation and updating general population units of statistical surveys (enterprises, local units) as well as introduction of publishing the indices of Statistical register, including demographic indices of enterprises in compliance with the Annex IX of the EC Regulation № 295/2008 from 11.03.2008.

Purpose of the Mission

The prior purpose of the mission is: assessment of the Draft Procedures for generating and updating general population units of statistical surveys (enterprises, local units). Discussing methods of quality assessment of the general list of statistical surveys units (frozen list). Discussing the methodology on statistical register indices, demography of enterprises with the view of publishing them.

Expected Results

Assessment of the Draft Procedures for generating and updating general population units of statistical surveys (enterprises, local units). Introduction of quality assessment of the general list of statistical surveys units (frozen list). Preparing publication of indices based on the Statistical Register.

The tentative schedule of the Mission is the following:

First day	10:00 - 17:00
January 29, Tuesday	Discussing the Draft procedures for generating and updating general population units of statistical surveys
	Current situation and problems of generation of general populations based on the general list of statistical surveys units (frozen list) in Ukraine.
Second day January 30, Wednesday	10:00 - 17:00
	Presenting publications on the number of enterprises based on Statistical Register of Statistics Denmark and Statistics Lithuania.
	Presenting publications on the number of enterprises based on the administrative register and experimental tables based on the Ukrainian Statistical Register.
	Discussing methodology on calculation of indices based on the Statistical Register.
Third day January 31, Thursday	10:00 - 17:00
	Presentation of Methodological Regulations on surveying demography of enterprises based on the Statistical Register and experimental indices calculated in compliance with these regulations.
	Discussing the methods of calculation of demographic indices of enterprises in the framework of structural statistics in compliance with the Annex IX of the EC Regulation № 295/2008 from 11.03.2008.
Fourth day February 1, Friday	10:00 - 17:00
	Discussing the methods of quality assessment of the general list of statistical survey units (frozen list).

Tasks to be fulfilled by SSSU to facilitate the Mission

SSSU specialists will familiarise the experts with:

- the Draft Procedures for generating and updating general population units of statistical surveys (enterprises, local units);

- analytical tables on the number of enterprises based on the administrative register and experimental tables based on the Ukrainian Statistical Register;

- the Methodological regulations on surveying demography of enterprises based on the Statistical Register and experimental indices calculated in compliance with these regulations..

Consultant and Partner

The Mission will be conducted jointly with:
Dalia Maciutiene
Statistics Lithuania

Peter Ottosen
Statistics Denmark

The partner from the country-beneficiary will be:

Yuri Ostapchuk – Director of the Statistics Methodology Department
Anna Rozumna – Deputy Director of the Statistics Methodology Department
Alla Varnidis – Deputy Director of the Statistics Methodology Department-Head of the Division for Statistical Classification – component manager
Anton Tovchenko – Head of the Division for Mathematical Methods to Process and Analyse Statistical Data
Olga Ponomarenko – Chief Specialist-Economist of the Division for Statistical Units Register
Olena Timofeeva – Chief Specialist-Economist of the Division for Population Formation to Conduct Statistical Observations
Olga Sushych – Head of the Unit for Statistical Units Register of the Main Interregional Department of Statistics in Kyiv.
Experts of profile statistical department users of the Business Register are welcome to attend the Mission.

Timing

The mission will be conducted within four days from January 29 till February 1, 2013 in Ukraine.

Report

The summary report on the results of the mission should be submitted not later than two weeks after the Mission is completed.

Annex 2. Persons met

Yuri Ostapchuk, Director of the Statistics Methodology Department
Anna Rozumna, Deputy Director of the Statistics Methodology Department
Alla Varnidis, Deputy Director of the Statistics Methodology Department-Head of the Division for Statistical Classification – component manager
Anton Tovchenko, Head of the Division for Mathematical Methods to Process and Analyse Statistical Data
Olga Ponomarenko, Chief Specialist-Economist of the Division for Statistical Units Register
Olena Timofeeva, Chief Specialist-Economist of the Division for Population Formation to Conduct Statistical Observations
Olga Sushych, Head of the Unit for Statistical Units Register of the Main Interregional Department of Statistics in Kyiv

Irina Bernstein, RTA
Volodymyr Kuzka, RTA Assistant

Annex 3. Publications from business register (LS)

STATISTICS LITHUANIA

DATA PUBLICATION AND DESIMINATION FROM BUSINESS REGISTER

Dalia Mačiuitienė

Deputy head Economic entities register division OF Statistics Lithuania

Renginio data

Data Publication and desimination from Business register

www.stat.gov.lt

STATISTICS LITHUANIA

Business Register in Lithuania

1. Regular maintenance since 1998
2. Regulated by
   - Regulations of Statistics Lithuania
   - EU regulations
3. Latest development project (new model) 2000 – 2002
4. Personnel: 8 in register maintenance and services
5. Functions
   - Basic Register on business units
   - Sample frame
   - Statistics of business population
   - Services

Renginio data

Data Publication and desimination from Business register

2

www.stat.gov.lt

STATISTICS LITHUANIA

Business Register

1. Operational data base (31 Gb)

2. Database of Organization Numbers (mainframe) (including public organizations) 2012.01.01

    - 83624 legal units

    - 100163 local units

    - 98009 physical persons

Renginio data

Data Publication and desimination from Business register   3   www.stat.gov.lt

STATISTICS LITHUANIA

BUSINESS REGISTRATION IN LITHUANIA

1. The register of economic entities

    - legal register

2. Tax payers register

3. Social insurance fund tax payers register

4. Business Register of Statistics Lithuania

    - a statistical basic register and frame

    - regulated by EU legislation

Renginio data

Data Publication and desimination from Business register   4   www.stat.gov.lt

STATISTICS LITHUANIA

STATISTICAL UNITS IN BUSINESS REGISTER

Statistical units

- Legal unit
- Enterprise
- LKAU
- Enterprise group

Renginio data

Data Publication and desimination from Business register   5   www.stat.gov.lt

STATISTICS LITHUANIA

BUSINESS REGISTER: VARIABLES

1. Identification
    - ID – number
    - name
    - address (postal, location, regional code)
    - telephone, fax, e-mail
2. Classification
    - economic activity (NACE)
    - legal form
    - ownership code
    - classification of sectors
    - regional classification
3. Size variables
    - employment
    - as annual average, as full time equivalent
    - turnover
4. Status variables
    - starting date
    - cessation date
    - date break off activity
    - date of activity renovation

Renginio data

Data Publication and desimination from Business register   6   www.stat.gov.lt

STATISTICS LITHUANIA

BUSINESS REGISTER: COVERAGE

- Business units
- Non – profit units
- Public sector units

- all size classes
- all legal forms
- all industries

VAT – units (Value added tax)

STATISTICS LITHUANIA

BUSINESS REGISTER: SOURCES

1. Administrative files

2. Surveys

STATISTICS LITHUANIA

BUSINESS REGISTER MAIN PRODUCTION AND INTRANET PAGE

Frozen register as a Sample frame

Register (list) of surveys for next year

- preparation procedures (data base in MS Access)
- presentation for users
- preparation of information for each enterprise

Publication Economic entities. Main data

Intranet page

Renginio data

Data Publication and desimination from Business register   9   www.stat.gov.lt

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STATISTICS LITHUANIA

BUSINESS REGISTER PUBLICATION AND DATA DESIMINATION

Press release - units in operation –twice per year (7th of January and 5 of July)

Statistics pre-defined tables - once per year, 4 main tables on 25 of January (on internet page of Statistics Lithuania www.stat.gov.lt)

Data base of Indicators – 25 tables made from Business register on 25 of January (on internet www.stat.gov.lt)

Annual Yearbook – 3 tables
Annual Yearbook Counties of Lithuania – 3 tables

Annual bulletin Economic entities. Main data - 28 tables on 15 of June (on internet www.stat.gov.lt for free)

One-off cases – consumers requests

Renginio data

Data Publication and desimination from Business register   10   www.stat.gov.lt

STATISTICS LITHUANIA

MAIN PUBLICATION "ECONOMIC ENTITIES MAIN DATA"

Annual bulletin Economic entities. Main data – 28 tables on 15 June
- starting from 2001;
- For free on internet, no paper version
- Tables: Number of economic entities **registered and canceled**;
- Number of economic entities in operation by **economic activity and personnel group in urban and rural area**;
- Number of economic entities **registered and in operation by economic activity and women managers**;
- Number of economic entities in operation **by economic activity and income group**;
- Number of economic entities in operation **by county, municipalities and legal form and by economic activity**;
- Number of **small and medium sized enterprises** in operation by **economic activity and personnel group in urban and rural area**; by legal form; **by income group; by county, municipality;**
- Number **of local unists** and personel group, county, munisipality and main activity group;
- **Enterprise groups** by enterprise group type and economic activity;
- Number of economic entities by economic activity and **institutional sector**
- Main number of tables there are in the Database of Indicators
-;

Renginio data --

RENGINIO PAVADINIMAS   11   www.stat.gov.lt

STATISTICS LITHUANIA

DISEMINATION OF DATA IN STATISTICS LITHUANIA

Confidentiality rules in Law on Statistics
- personified statistical data is confidential

Statistical data desimination Division
- Centralized consumer requests
- Decentralized (partly) data desimination

One-off cases – consumers requests
- direct to Business register division

Renginio data

Data Publication and desimination from Business register   12   www.stat.gov.lt

Annex 4. Business Demography Denmark (SD)

Business Demography publications in Denmark

Twinning SSSU, Ukraine

January 2013

Sources

- Statistical Business Register
  - From administrative BR and eIncome
- Statistics on employment in businesses
  - From eIncome and education statistics
- Purchases and sales by enterprises
  - From VAT returns
- Accounts statistics
  - From business accounts and Tax
- General enterprise statistics
  - All of the above

  Business Demography

Variables

- CVR-number (Statistical Business Register, identification number in the Central Business Register CVR)
- OK-number (SBR, identification number for the enterprise)
- Arb-number (SBR, identification number for the local kind of activity unit)
- Danish Activity Code, standard 9-grouping
- Danish Activity Code, standard 27-grouping
- Danish Activity Code, standard 53-grouping
- Danish Activity Code, standard 111-grouping
- Legal form (SBR)
- Sector code (SBR)
- Municipality code (SBR)
- Exports (VAT statistics/Purchases and sales by enterprises)
- Purchases (VAT statistics/Purchases and sales by enterprises)
- Turnover (VAT statistics/Purchases and sales by enterprises)
- Accounts statistics (for those units which are included)
- Number of full-time employees at the end of November (statistics on employment in businesses)
- Number of employees at the end of November (statistics on employment in businesses)

Tables in the STATBANK

- BUSINESS DEMOGRAPHY DEMO1
    Industry (DB07 127-grouping), status and unit | Unit: Number
- BUSINESS DEMOGRAPHY DEMO2
    Industry (DB07 21 grouping), unit and grouping | Unit: Number
- BUSINESS DEMOGRAPHY DEMO3
    Industry (DB07 21 grouping) and turnover and export | Unit: DKK
- BUSINESS DEMOGRAPHY DEMO4
    Region, industry (DB07 10-grouping) and unit | Unit: Number
- BUSINESS DEMOGRAPHY DEMO5
    Type of ownership and unit | Unit: Number
- BUSINESS DEMOGRAPHY DEMO6
    Industry (DB07 10-grouping), unit and year of beginning | Unit: -

Business Demography

Number of new enterprises