TWINNING CONTRACT

Support to the Statistics

Kosovo

MISSION REPORT

on

Support to improvement of Statistical Business Register – Quality and Coverage of Business Register

Component no 3.5.2.3

Mission carried out by
Søren Netterstrøm, Statistics Denmark and
20-24 April 2015

IPA 2012

1

Author's name, address, e-mail (keep the relevant information)

Søren Netterstrøm
Statistics Denmark
Farverstræde 6
DK-4850 Stubbekøbing
Denmark
Tel: +45 5444 0475
Email: sne@viv.dk

Table of contents

List of Abbreviations

GSBPM	Generic Statistical Business Process Model
KAS	Kosovo Agency for Statistics
KBRA	Kosovo Business Registration Agency
NACE	Statistical Classification of Economic Activities, latest version revision 2
SBR	Statistical Business Register
SBS	Structural Business Statistics
SIDA	Swedish International Development Cooperation Agency
SQL	Structured Query Language
STS	Short Term Statistics
TAX	Kosovo Tax Authorities
ToR	Terms of Reference
VAT	Value Added Tax

1. General comments

This mission report was prepared within the Twinning Project „Support to Statistics". It was the fifth mission to be devoted to the Statistical Business Register (SBR) within Component 3 of the project.

The purpose of this mission was to finalize the work on the procedures to update SBR with data from administrative and statistical sources and to prepare for next mission.

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 Kosovo, and which highly facilitated the work of the consultants.

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

2. Status

KAS has now obtained a new set of data from KBRA as well as data from the TAX authority (quarterly and yearly reports as well as monthly data regarding VAT. Data regarding employment has been obtained from the TRUST agency.
During the mission data from TAX and TRUST was loaded to SBR. Activity codes was loaded from 3 statistical surveys.
An attempt was made to update using the new data from KBRA. However, due to problems encountered and lack of time, this process has to be aborted.
It was further more noted, that data from KBRA did not seem to be complete, a large number of local legal units were missing. This problem should be solved before next mission, where a new attempt will be made to update SBR using data from KBRA.

3. Examining data from KBRA

Data from KBRA contains in a few cases invalid activity codes or no activity code.
Before using data from KBRA, the activity codes should be cleaned as follows:
Invalid activity codes and activity codes with the value of NULL are set to unknown ('xxxx') if they represent the main activity.
Invalid activity codes and activity codes with the value of NULL are deleted, if they represent a secondary activity.
It should be verified that each legal unit has one and only one main activity code.
If there is no main activity, one with code 'xxxx' for unknown should be constructed.
If there are multiple, the lowest code should be maintained, the remainder should be set as secondary activities. This may apply only to setting activity code for Entrprise and leaving the activity codes for legal unit as they are for KBRA. In any case invalid activity codes should be changed to unknown, to avoid the problem with referential integrity.
This cleaning up of activity codes are necessary in order for the update SBR to run without errors.

The procedures to create transactions from KBRA should further examine, that there are no missing units (legal or local legal units) in KBRA. It is assumed that KBRA never deletes units, but just indicate they are terminated.

5. Data from TAX

KAS received very detailed information from TAX. This includes quarterly reports, yearly financial statement and monthly data regarding VAT where appropriate.

As a consequence, Turnover may be obtained from any or all of the three sources mentioned. A procedure to create a calculated turnover for a year is established. If there is a financial statement for the year, turnover is taken from there, else, if there are quarterly reports, turnover is taken from these reports and finally VAT data is utilised. This calculated turnover is saved in SBR in the table for fiscal_unit_turnover and then forwarded to enterprise_turnover.

Reports from TAX are obtained quarterly and include data for current and previous year. Data regarding previous quarters and years may be have been revised.

Each quarter, the process of creating the calculated turnover is running for current and previous year, and data in the two tables of SBR are replaced with the new data.

It should be noted, that turnover for current year will only be for part of the year.

The all data received from TAX will be stored in SBR in a new table linked to enterprise level.

These data are mostly used by the National Account. By linking to enterprise they can be enhanced with activity code, municipality (settlement) or used to examine some of the larger enterprise in details if needed.

6. Activity codes (using data from surveys).

The statistical units, Enterprise and Local Unit will be enhanced by data captured during statistical surveys. Most important is the activity code.

When comparing the main activity code of Legal Units with the activity code obtained from Statistical Business Register Survey (SBRS), 25% of the units has a different activity code in the survey. It could be assumed, that the same would be true for those units not covered by SBRS.

It would however be far too costly to survey all units of SBR to obtain a correct activity code. However, when units surveyed, in SBRS, SBS, STS or any other survey, at least the first time the unit is surveyed effort should be made to verify or obtain the correct main activity code for unit.

In SBR, the source of the activity code is recorded. This is used to prevent activity codes obtained through surveys to be automatically overwritten if the activity code in KBRA changes.

This may also be used in order to determine units where there is a need to verify activity codes when they are selected for any survey.

When updating SBR, the source should be changed to the relevant survey, even where the legal unit has the same activity code from KBRA, as this is an indicator of the quality of the code.

Most units in the SBR will only have one activity code. However, for a limited number of large units, there may be a need to add further activity codes. So far, SBRS is the only known source.

In case where there is more than one activity code for an enterprise, each activity code actually represents a KAU. It should be considered if it is possible to give an estimate of the percentage of the total turnover of an enterprise that comes from each activity. This would allow for a better usage of data from TAX (turnover and other data) when summarised by activity, this way providing better data for National Account.

It is recommended that KAS determines the feasibility of such a solution and determine who will be responsible for getting and updating such data (It could be Business Statistics or National Account).

7. Procedures for update

The procedures for update produced so far were examined and the opportunity was taken to provide further hands-on training testing and changing the procedures as needed.

It is envisaged that during next mission it will be possible for the first time to load and update SBR with data from KBRA, TAX and Surveys.

One of the mandatory results for this component is
- Recommendations for new procedures to ensure seamless updating of the SBR from available sources given

These recommendations have been given in the previous mission and are now also implemented in the set of procedures produced. The consulting are convinced, that when the system is set up, updates from both KBRA, TAX, TRUST and statistical sources can be done seamless. There will always be a small numbers of issues (unfinished transactions) that will require manual intervention. However, it it assumed that these will be very few and mostly regarding complex units where the importance of a high quality in SBR can justice the resources used for this purpose.

6. Enable users

A meeting was held with the coming users of SBR from Business Statistics and National Account.

SBR was presented briefly. Following the plan to enable users to create unsophisticated extracts from SBR using Excel spreadsheets and some examples was given, both on extracting data for individual units meeting a certain criteria and for creating summarized information of turnover, employment of TAX-data distributed by activity and/or geography. The participants were asked to reflect on any other needs they may have for recurrent data extracts.

During the next mission one day of training for this purpose is envisaged.

7. One common business register

With the introduction of SBR KAS will have a proper Statistical Business Register with units according to EU regulation rather that the administrative units used so far.

The most important boost of quality is the use of activity codes from surveys, where the units for some time will be automatically generated based on administrative data.

The consultant wants to stress, that as soon as SBR is ready (loaded with data as described above), it should be used as the only reference within KAS, both by statistical surveys and National Account to improve the coherency between surveys.

8. Next mission.

The next mission, to be carried out by Søren Netterstrøm is scheduled to take place from 25 May 2015.

Follow-up actions to be finalised before next mission

Action	Responsible person
Reload SBR with March version from KBRA	Muhamet Kastrati
Load activity code for SBRS, SBS and STS	Muhamet Kastrati
Reload tax data for Enterprises	Muhamet Kastrati

Annex 1. Terms of Reference
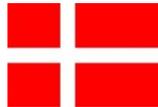
EU Twinning Project
KS12 IB ST 01
Support to Statistics

Terms of Reference:

Component 3:   Business Statistics
Activity 3.5.2.3:   Support to improvement of Statistical Business Register (SBR) – Quality and Coverage of Business Register

Scheduling:
ToR –ready date: **27 March 2015**
Start / end of activity: **20-24 April 2015**
Reporting time: **1 May 2015**

Mandatory result of the component:

Mandatory Result	Intervention logic	Benchmarks	Sources of information	Assumptions
Mandatory Result 3.5.2	**Support to improvement of Statistical Business Register (SBR)**	• Mission report stating the most prioritized action areas for improving the business register uploaded on project homepage • Adjusted timetable and road map for improvements developed • Recommendations for new procedures to ensure seamless updating of the SBR from available sources given • Draft of correspondence table between NACE Rev 1.1 and NACE Rev 2. Updated • Correspondence table between NACE Rev 1.1 and NACE Rev 2 finalized	• Twinning Quarterly reports • Mission reports • Roadmap • Timetable	• Sufficient absorption capacity • Low turn-over of staff involved in implementation • Staff works on project related tasks in between missions • A detailed Terms of Reference is developed in a timely manner detailing tasks (input), expected output, participants of the activity and agenda

Subject / purpose of activity: 3.5.2.3 activity
This mission is a continuation of the last mission on SBR in March 2015.
After the completion of the mission, the procedures for updating SBR from external and internal sources should be defined.

The procedures for updating using data from KBRA and Tax should be finalised in order to be able to make a fist load of SBR using these sources.

Internal sources should be identified and the procedures for using these sources should be defined.

It is envisaged that a number of spreadsheets should be developed that will give users of SBR and particular the National Account division access to extract information from SBR, either in the form of a list of units meeting a specific criteria and about a single unit and its related units, i.e. an enterprise and all legal, local and local legal units associated. This topic should be discussed with the users in order to set up a prioritised list.

A new time schedule has to be made as it was decided to reshuffle order of remaining task during the debriefing of last mission.

Expected output of activity 3.5.2.3:
Mission report – describing the progress made since last mission.
Updated new prioritization of actions is possible
Suggestions for Terms of reference for other activities dealing with SBR.

KAS resources:
Mr. Muhamet Kastrati, Manager of database, muhamet.kastrati@rks-gov.net

KAS Twinning team:
Project Leader Mr. Ilir T. Berisha, Director of Economic Statistics and National Accounts, Ilir.T.Berisha@rks-gov.net
RTA Counterpart Ms.Teuta Zyberi, International Relations Officer, teuta.zyberi@rks-gov.net

Member state resources:
Mr. Søren Netterstrøm, Business Statistics Expert, Statistics Denmark, sne@viv.dk

Twinning ressources:
Mr Per Knudsen, RTA, pkn@dst.dk
Ms Nora Zogaj, RTA Assistent, nzogaj@yahoo.com

Description of the background for the activity
This mission is based on the plan made by the MS expert and the expert from KAS during the last mission.

After the last mission it was concluded that if the project is prolonged into beginning of March 2016, it may still be possible to reach to goal set up for this project.

During the debriefing the idea came up to reshuffle the order of activities in the project. Rather than waiting for the online application to become ready before loading SBR, it seems feasible and useful to load SBR with data from KBRA and statistical surveys as soon as possible (late June) and

establish procedures for the users as described above using spreadsheets. It will give the users the possibility to get the benefits of an improved statistical business register at an earlier stage.

The idea was approved. As this was decided towards the end of the mission there was not time to draw up a new time schedule. This mission will clarify this question.

The following actions were planned to be finalised before the next mission

Action	Responsible person
SQL Procedures for updates further developed	Muhamet Kastrati
Obtain and load first set of data from SBS, STS and Business Register Survey	Muhamet Kastrati

Activities to be undertaken in preparation for the mission:
- All reports from Component 3 Business Statistics are available at dst.dk/kosovo

The expected activities are:

- Following up on activities since last mission
- Further development of the database
- Discuss further whether a new prioritization of actions is possible

Expected output:

- Mission report – according to template
- Detailed plan for further activities to be completed regarding SBR in Kosovo by the twinning program

Annex 2. Persons met

KAS resources:
Mr. Muhamet Kastrati, Manager of database, muhamet.kastrati@rks-gov.net

KAS Twinning team:
Project Leader Mr. Ilir T. Berisha, Director of Economic Statistics and National Accounts,
Ilir.T.Berisha@rks-gov.net

Member state resources:
Mr. Søren Netterstrøm, Business Statistics Expert, Statistics Denmark, sne@viv.dk

Twinning ressources:
Mr Per Knudsen, RTA, pkn@dst.dk
Ms Nora Zogaj, RTA Assistent, nzogaj@yahoo.com