

TWINNING CONTRACT

Support to the Statistics

Kosovo



MISSION REPORT

on

**Support to improvement of Statistical Business Registers:
Final testing and rules for feedback
Component no 3.5.8**

Mission carried out by
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22-26 February 2016

IPA 2012

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Table of contents

1. General comments	4
2. Status	4
3. Potential change of the registration numbers	Fejl! Bogmærke er ikke defineret.
4. Excel application	Fejl! Bogmærke er ikke defineret.
5. Online application.....	4
6. Local units.	Fejl! Bogmærke er ikke defineret.
7. KAU – Kind of Activity Unit	Fejl! Bogmærke er ikke defineret.
8. Activity Code, ancillary activities.....	Fejl! Bogmærke er ikke defineret.
9. Updating Main activity	Fejl! Bogmærke er ikke defineret.
10. Enterprise Groups	Fejl! Bogmærke er ikke defineret.
11. Next mission.	Fejl! Bogmærke er ikke defineret.
Annex 1. Terms of Reference	7
Annex 2. Persons met	Fejl! Bogmærke er ikke defineret.

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 11th and final mission to be devoted to the Statistical Business Register (SBR) within Component 3 of the project.

The main topic was a final testing and evaluation of the system and a look into the future of the system.

The consultant would like to express his thanks to all officials and individuals met for the kind support and valuable information which he received during the stay in Kosovo, and which highly facilitated the work of the consultant.

A special thanks to Mr. Muhamet Kastrati. Without his knowledge and dedication to the project it would not have been possible to reach the goals.

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. Handling unfinished transactions

The procedures established for updating SBR from KBRA will produce a small number of unfinished transactions. This may be the result of complex cases where an attempt to define a set of rules for automatic handling would be very complex. The main cause is when a legal unit that is part of an Enterprise changes fiscal number. To handle this case, a procedure for splitting an Enterprise has been established. Another situation is related to the termination of the main legal unit, where a new main legal may have to be selected. A procedure to change main legal unit has been established. Both procedures can be activated from the online application.

A most common cause for an unfinished transaction is when a legal unit changes its main activity code (NACE) and the Enterprise has an activity code assigned from a survey. In these cases a manual inspection is needed to determine if the change of activity code should be used for the enterprise or not.

It is recommended that the online application is extended with a window where all unfinished transactions are displayed. From this window by selecting a transaction the most relevant units are selected (opened in their own windows) for further examination and updating as needed. After handling an unfinished transaction it should then be deleted.

3. Status of SBR

At the end of the Twinning project, SBR has been established with the main statistical units, Enterprise and Local Unit. KAU's and LKAU's may be constructed based on the activity code assigned to Local Units and Enterprises.

Procedures for updating SBR both from administrative sources (KBRA and TAX) as well as statistical sources (BRS, SBS and STS) have been developed. These procedures have been tested and

refined to a point, where updating from KBRA unfinished transactions are close to be fully automated and from other Sources are fully automated.

When updating from KBRA there is a small number of cases that needs manual inspection to be completed (unfinished transactions). It should not take more than 1 or 2 working days to complete these cases. Most of the cases are related to change in main activity code where the main activity code in SBR has been assigned from a statistical source. In these cases a manual inspection is needed to see what should be the correct activity code.

KAS has developed an online application that makes it possible to browse the register for both legal and statistical units based on several search criteria and to perform update of the units. It includes special procedures to handle 'unfinished transactions'. This application will be of great value both for the use and maintenance of SBR.

Further an Excel tool has been developed that can produce extracts and summaries of data from SBR that a most commonly asked for by the users.

The content of the register is mainly based on data from KBRA and TAX (turnover and employment). For units where it is relevant, the activity codes have been verified or corrected using statistical sources.

With the present system, KAS has a SBR that meets the basic requirements of the EU manual and will be useful as the base for survey frames and serve the National Account System with useful information.

The online system is still under development, but may soon be completed.

A procedure for taken frozen versions has been established.

4. Improving data quality

The main quality issue of SBR is the activity codes (NACE). In the administrative system activities are provided by the legal units themselves, and the system allows for any number of activity codes. This has implications for the quality, as the persons declaring the activities cannot be expected to have expert knowledge on the NACE classification and main activity may be randomly selected. Another problem arises from using the three statistical sources as they may also assign different activity codes to the same unit.

It is strongly recommended that KAS initiate a project to improve the activity codes in SBR for units that are used in the survey frames with special focus on large and complex units. It should be a goal that there is a set of activity codes that is used by and agreed by all business surveys and the National Account System.

The coding of complex units is not a trivial task but requires insight in the structure of NACE and how to use NACE. It may be beneficial to KAS if one or two persons was given training in activity coding and then was responsible for the assignment of activity codes for all surveys.

Verifying and correcting the activity codes of all relevant units will require many resources and may take a year or more to complete. Maintaining activity codes and assigned correct activity codes to new units will be an ongoing activity that should be given high priority. For the maintenance feedback from the users of SBR may be one of the most important sources.

5. Further development of SBR

It is recommended not to further develop SBR for at least one year. Maintenance may be needed to correct errors or adapt the changes in the data sources.

Focus should be on improving data quality and getting experience from using the system.

During the use of the system valuable knowledge about further needs can be gathered.

When resources are available a second version of SBR may then be developed. One of the main topics in such a development may be to include full history in the system. This is lacking in the present system with the exception of activity codes. This was deliberately chosen to minimize the complexity of the system taking the resources available for the development into consideration.

Frozen version will cover some of the needs for history. An important aspect of history is the change in relationships between enterprises and local unit and enterprises and administrative units.

In relation to Business Demography these relations are important to correctly identify birth, death, merge, takeover etc.

6. Access to SBR

Most of the information in SBR comes from KBRA. Even if this information can be found on KBRA's website it should in relation to SBR be treated according to the rules of confidentiality for statistical data that is only used for statistical purposes.

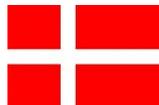
Information about turnover and employment are delivered from TAX and are strictly confidential data and should be handled accordingly.

KAS should set up rules for access to SBR that will allow access to staff in KAS for whom access to SBR may facilitate their work, mainly staff in Business Statistics and National Account.

The right to update KAS(SBR) using the online application should be further restricted.

These rules should be set up and used as soon as possible in order to take full advantage of SBR.

Annex 1. Terms of Reference



EU Twinning Project KS12 IB ST 01 Support to Statistics

Terms of Reference:

Component 3: Business Statistics

Activity 3.5.8: Support to improvement of Statistical Business Registers: Final testing and rules for feedback

Scheduling:

ToR –ready date:	8 February 2016
Start / end of activity:	22-26 February 2016
Reporting time:	4 March 2016

Mandatory result of the component:

Mandatory Result	Intervention logic	Benchmarks	Sources of information	Assumptions
Mandatory Result 3.5	Support to improvement of Statistical Business Register (SBR)	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Twinning Quarterly reports Mission reports Roadmap Timetable 	<ul style="list-style-type: none"> 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: 3.5.8 activity

This mission is a continuation of the last mission on SBR in January 2016. Missions on SBR are planned to take place every second month until the end of the project.

The previous mission presented a first version of the Windows interface for the new SBR. This mission, to be carried out by Søren Netterstrøm. It will be the last mission on SBR in the Twinning project.

The main topic will be a final review of the online application and any other outstanding business.

Expected output of activity 3.5.8:

Mission report – describing the progress made since last mission.

Assesment of the work done so far

New version of the Windows interface

KAS resources:

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KAS Twinning team:

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Twinning ressources:

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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.

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
- Assessment of the work done so far
- Further development of the database and the interface

Expected output:

- Mission report – according to template

- New version of the Windows interface
- Any other business

Annex 1. Program, - February 2016

Day	Place	Time	Event
1	KAS	09:00	KAS: Current status of the SBR
		10:30	Coffee break
		11:00	Planning the week. Assessment of the SBR and work done. Discussing windows interface
		12:00	Lunch break
		13:30- 15:30	Hands on SBR
2	KAS	09:00- 16:00	Hands on SBR
3	KAS	09:00- 16:00	Hands on SBR
4	KAS	09:00- 16:00	Hands on SBR
5	KAS	09:00	Report writing
		10:00	Debriefing: Expert, Component Leader, BC Project Leader, RTA
		10:30	Coffee break
		10:00	Report writing
		12:00	Lunch break
		13:00	Report writing