

TWINNING CONTRACT

Support to the Statistics

Kosovo



MISSION REPORT

on

**Support to improvement of Statistical Business Register:
Review of procedures and discussion on enterprise groups
Component no 3.5.6**

Mission carried out by
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Søren Netterstrøm, Statistics Denmark
14-18 December 2015

IPA 2012

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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 ninth mission to be devoted to the Statistical Business Register (SBR) within Component 3 of the project.

This mission has dealt with a general review of the process creating the statistical units in SBR, a discussion about the need for Enterprise Groups and how to deal with kind Of Activity Units.

The local units (and LKAUs) were discussed and potential sources for improving local units, at least for the large enterprises, were discussed.

Furthermore the second outline of the Windows application for browsing and updating was reviewed. Finally the update procedure has been enhanced to allow the use of address from Tax, as they seem to be of a better quality than the addresses in KBRA.

The consultants 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 consultants and do not necessarily correspond to the views of EU, KAS or Statistics Denmark.

2. Status

Update from TAX with turnover had some minor problems that were resolved during the mission. The calculation of Activity Status for Enterprises based on reported activity (Turnover or employment) was expanded to distinguish between current year and previous year. It is noted that some large cooperation only produces a yearly report.

3. Potential change of the registration numbers

The project regarding creating a single registration number has delivered its final report.

Mr. Kastrati was present at a meeting where the report was presented and according to him it does not seem likely that the report will lead to any changes.

4. Excel application

KAS has made a few extensions to the excel application. A version with some limitations to access is planned to be made available for the users of SBR, mainly National Account.

5. Online application

Mr. Kastrati presented his work with the User interface. The present results that are not finished, was very impressive. Together with the experts, there were made minor changes and there were suggestions for further work. Furthermore, screenshots from the Danish SBR was gone through.

Having the online application will be important in order to examine and improve the data on large enterprises and other cases where a closer look on the database is need. Presently this has to rely on ad hoc queries to the database and getting an overview of complex units may be time consuming and laborious.

6. Local units.

The source for local units are the administrative source of Local Legal Unit and if more than 10 employees or part of SBS statistics they will be asked for information about LKAU and inform about employees.

The information from KBRA is not of good quality and too many Local Units are created. There are also problems about registration of the address. But an Address register has been build and when it comes in production it will be easier to make rule for creation of local units.

The experts recommend considering the use local units created or verified through surveys where they are available and else continue with the local units as provided by KBRA. Once KAS units are used, update from KBRA should be blocked.

Activity codes from Local units approved by KAS will normally also be a part of the activity codes on enterprise level.

The decisions for Local units are:

- Local units from KBRA not approved by KAS is ignored (always one local unit corresponding to the enterprise)
- Local Units approved /created by KAS shall be used
- There can be more than one Local Unit LKAU on an address if it's possible to get information (employees) on that level
- If activity > 10 % of enterprise activity, the activity Code will be registered on the enterprise
- Local Units there not are a part of a survey for two years is no longer approved/maintained by KAS
- When the new Address Register are used by KBRA it shall be used to clean up in the registration of not approved Local Units on same address
- The Address identification is recommended to be a part of the SBR

7. KAU – Kind of Activity Unit

It is possible to create KAU's from activity of Enterprises or after Local Units. Together with Mr. Kastrati the experts decided to use both methods for SBR in Kosovo.

KAU is created

- from the Local Units if Local Units are approved by KAS
- from the Enterprise if Local Units not are approved by KAS

8. Activity Code, ancillary activities

Mr. Kastrati and the experts talked about definition of ancillary activities. Ancillary activities are registered in Denmark with the main activity and a code on the Local Unit there inform about this is a Unit there has any other "production". In some other countries will the ancillary activity be registered on the Local unit, but it will never be an activity on the Enterprise.

A local unit may change the status from being an ancillary Unit to be a local entity with a different activity. This happens if you have information about / assess that at least 30% of the production is

sold at market rates to other customers. The 30% makes it possible that the unit can survive without which is the Enterprise main activity.

9. Updating Main activity

Different statistic producers and by SBR survey the SBR got the main activity on enterprises updated. What shall we do if these Enterprises get updated from administrative source. It's the advice from the experts to lock these units and not get them updated because it looks like the quality of activity codes from administrative source not have a good quality.

But the experts suggest only locking the information for a period all after size.

- Units there are big and always a part of statistics is locked. Can be a part of a SBR survey if they have changed activity in the administrative system
- Units there only participates on sample basis the experts suggest to update automatic with the administrative activity code if updates after 4-5 years, if not part in a statistic for that period.

10. Enterprise Groups

The work on defining groups is made partly to update the Eurostat Group Register EGR with information on multinational groups and partly to see whether using complex enterprises can be produced a better picture of the Kosovo economy.

The experts examined, along with Mr. Kastrati, registration of owners of legal units. The picture is that groups in Kosovo is a very small part of the overall economy and in relation to the limited resources, there is no sense in spending time on creating complex enterprises.

- 600 owners who own > 1 Legal unit
- 15 owners who own > 2 Legal units
- Maximum at 7 Legal units

Mr. Kastrati told that there will be a foundation next year to support a survey on Groups. The experts suggest designing this survey to control the quality of administrative source. The result of the survey may mean that in SBR must expand the data model to include group structure or have the ability to register owners. Nothing indicates that there are many large corporations, so the most important thing probably is to have good quality of owners of Legal Units, as it is exchanged with EGR in case of foreign ownership.

11. Next mission.

The next mission, to be carried out by Søren Netterstrøm is scheduled to take place from 18 January 2016.

It will include further work on the online application and Local Units.

Annex 1. Terms of Reference



EU Twinning Project KS12 IB ST 01 Support to Statistics

Terms of Reference:

Component 3: Business Statistics

Activity 3.5.6: Support to improvement of Statistical Business Registers: Review of procedures and discussion on enterprise groups

Scheduling:

ToR –ready date: 1 December 2015
Start / end of activity: 14-18 December 2015
Reporting time: 23 December 2015

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: 3.5.6 activity

This mission is a continuation of the last mission on SBR in October 2015. Missions on SBR are planned to take place every second month until the end of the project.

The mission will be carried out by two consultants, Steen Eiberg-Jørgensen and Søren Netterstrøm. Steen Eiberg-Jørgensen, who is head of SBR Denmark, will participate to perform an assessment of the work done so far and for a discussion of enterprise groups.

Other issues will include the online application and potential improvement of the Excel application.

Expected output of activity 3.5.6:

Mission report – describing the progress made since last mission.

Assesment of the work done so far

Discussions on enterprise groups

Updating time table

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,

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Member state resources:

Mr. Søren Netterstrøm, Business Statistics Expert, Statistics Denmark, sne@viv.dk

Mr. Steen Eiberg, Deputy Head of Division (SBR), Statistics Denmark, sej@viv.dk

Twinning ressources:

Mr Per Knudsen, RTA, pkn@dst.dk

Ms Nora Zogaj, RTA Assistent, zogaj.nora@gmail.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.

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
- Discussing enterprise groups
- Further development of the database and the interface

Expected output:

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

Annex 1. Program, - December 2015

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 enterprise groups
		12:00	Lunch break
		13:30- 15:30	Assessment of the SBR and work done Discussing enterprise groups
2	KAS	09:00- 16:00	Assessment of the SBR and work done Discussing enterprise groups
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

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

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