

Twinning Project

Contract: GE 16 ENI ST 06 18

Strengthening the Capacity of the Georgian Statistical System

Component 3: *“Development of Business Statistics”*

Sub-component 3.2: *“Statistical Business Register (SBR)”*

MISSION REPORT

Activity: 3.2.D (RS) *“Implementation of specific changes”*

Mission carried out by
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1. General comments

This mission report was prepared within the EU Twinning Project "Strengthening the Capacity of Georgian Statistical System". This was the third mission within the sub-component 3.2: "Statistical Business Register (SBR)" and was mainly devoted to Implementation of the new data model with loading of administrative data, where only new information will be loaded. How to test in the test phase and especially on the new temporal (historical) tables. Calculation on Sector code and presentation on the Danish inward and Outward FATS.

The purposes of the mission were:

Discussion of current situation and outline of a work plan and thereby;

- Status for and comment to development of the new IT datastructure
- How to calculate ownership
- Importance and how to do test
- Session of Inward and Outward FATS
- Calculation of Sector codes (also participation from N.A.)

The consultants would like to express their gratitude to all officials and individuals met for the kind support and valuable information which they received during the stay in Georgia and which highly facilitated the work of the consultant.

The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of the European Union, Geostat, Statistics Denmark, or other statistical institutions involved in the implementation of the project.

2. Assessment and results

Since the second mission, the SBR team at Geostat, including IT, have been working with the topics and recommendations made at the latest mission. Work has been concentrated on the new datamodel and new variables. There is also an ongoing work to plan the collection of information about Enterprise Groups and how many Groups is needed.

New IT system

The IT system is under development. We see that a great deal of work has been done on both requirements and IT development. However, the project is behind schedule, as Georgi (IT) has too many tasks. Developing a new system for an SBR from data reception to statistical units requires concentration and consistent time. If the new SBR is to be operational by March, which is the ambition, it requires Georgi to be able to focus on development. GEOSTAT should consider that two persons should know the system either already now or soon after commissioning. SBR is a central point in all Business Statistics, so the system must be in operation at all times.

The experts stressed that some rules for updating of SBR with administrative data is needed if Units are updated by GEOSTAT. It's especially on tables with Activity code, address and Legal form.

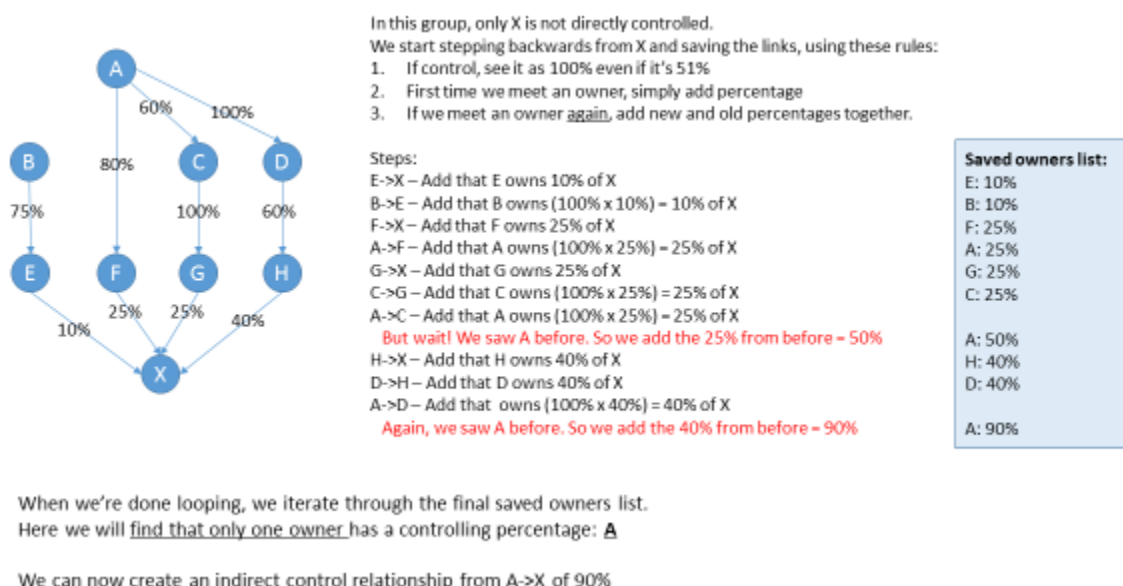
As Experts we recommend to have focus on the development of the "basic SBR". After that implementation of Sector Code should be started, and until the IT system is in production the work on Enterprise Groups should be commenced. Focus is needed.

Enterprise Groups

A lot of thoughts have been put into the issue concerning Enterprise Groups in SBR.

In Denmark the Name of the Group come from the Top of the Group. To decide the Activity Code we look at the employment on all units in the Group and group the employment by activity Code. The code with biggest employment will be the Activity Code for the Group. Statistical information on both employees and turnover is just added to a Sum. It's not correct for the turnover, but we don't yet have any rules to do it differently. For the profiled Large Case Units (LCU) we create own name and decide the activity Code and the Danish Group Turnover.

During the discussion, Geostat brought up a lot of questions concerning the identification of Indirectly Controlled Relationships in Enterprise Groups. The experts provided a presentation on rules needed to create the relevant IT Solution. The complex part is about indirect ownership, which is exciting but there are not many cases



In short, one should first identify all Legal Unit Daughters. From this pool, subtract all Legal Unit Daughters who are directly controlled. This leaves the candidates for further investigation.

The query can be written like this pseudo code:

Select daughter where percentage owned < 50
Minus
Select daughter where percentage owned > 50

What to do in the test phase

Manana (SBR) presented rules chosen for data to be taken into production.

During the mission, Manana updated the rules and made them clearer. It is important that these rules are constantly presented and discussed with IT so that they can be implemented in the system. By “discussed” is meant that IT must understand the requirements clearly and unambiguously. The requirements should be so clear that they can be used as documentation afterwards. In the opinion of the Experts, the requirements became clearer at the end of the mission, but there is still room for clarification.

The experts presented the needs for Use Cases. If we do so, what shall happen. In the ideal world Use Cases is already done when the development takes place. But very often you first have all the Use Cases ready to the test phase. But here they are needed. For each rule there shall be 1-4 Use Cases.

Examples on Use Cases can be seen in annex 3.

Session on Inward and Outward Foreign Affiliates Statistics (IFATS, OFATS)

Mr. Michael Elgaard – specially invited to speak about information and statistics on Foreign Affiliates – provided a presentation covering both IFATS and OFATS, with the emphasis on the latter.

After an initial introduction covering the background and justification for the FATS statistics, the second part of the presentation covered IFATS.

In Denmark, this is a register-based statistics, and the presentation covered the sources used to produce the statistics.

In addition, the statistical variables were presented, and the dissemination formats and analytical angles in the communication of statistical results were covered, including with links to the website as well as the statistical databank (statbank) of Statistics Denmark.

The main emphasis in the presentation was on the third part, which focused on OFATS.

In Denmark, this is an annual survey-based statistics, which is carried out as mandatory for respondents.

The survey population covers approximately 5,000 enterprises, reporting on roughly 13,500 affiliates per year.

The presentation dealt with sources and methods for identifying the survey frame and population, a task which is different from most other business statistics surveys, as the frame cannot simply be constructed on the basis of the internal SBR of Statistics Denmark.

The presentation also covered data collection (digital questionnaire, questionnaire contents, time plan, etc.) and data validation.

Finally, as for IFATS, the statistical variables were presented, and the dissemination formats and analytical angles in the communication of statistical results were covered, including with links to the website as well as the statistical databank (statbank) of Statistics Denmark.

During and after the presentation, several questions were posed and discussed, including on OFATS population, scope, and dissemination of results.

Implementation of Sector codes

National Account participated in the discussion about Sector Codes. NA has a need for the sector codes to refer as best as possible to ESA2010.

The Experts presented the 42 Danish rules that provide Sector Codes for all Enterprises in the SBR at Statistics Denmark. The rules will not be correct for all Enterprises, as there will be an underestimation of public entities. This is because the rules cannot take into account ownership of public limited companies, but only the company form. These units NA and SBR jointly need to identify and process. It is NA who has the knowledge and expertise to identify the units and own the decision.

Below is in short a description of the responsibilities to be assigned, how to allocate the units to sectors and how to control the quality.

Responsibilities / work assignment

- NA and BR
 - Provide/update determination chart and automatic rules
- National accounts
 - Provide/update lists of units
 - Quality control and quality control tables
 - Manual checks on possibly incorrect sector classifications of individual units
- Business Register
 - Technical implementation of lists and units
 - Update runs
 - Technical quality control
 - Was the update run successful?
 - Quality on BR variables used in determination chart (nace, legal form...)

Allocation of units to sectors

- Set of automatic rules are based on determination chart
 1. If LeU is found on the lists no automatic rules apply
 2. Four determining factors
 - a. Classification of activity, Nace
 - b. Legal Form
 - c. Type of ownership
 - For units belonging to Enterprise Groups, ownership type is derived from the group head
 - d. Special rules
 3. If any of the determining factors is changed, the automatic rules must be processed again automatic

Quality control

- Quality control tables
 - List of most important units by sector
 - List of most important units that have changed sector
 - List of new units in public sector
 - Aggregated table of number of units per sector, multiple years, changes between years
 - Aggregated table of number of persons employed per sector, multiple years, changes between years
 - Aggregated table of turnover per sector, multiple years, changes between years (if possible)
- Timing
 - When changes are made to automatic rules
 - Before important usage dates (publications)

The rules can be found on the Twinning web-page <https://www.dst.dk/en/consulting/projects/georgia-2019-2021/Component3-2>

3. Conclusions and follow up

There is a need to focus on the IT development until March. SBR team shall support the development and have all updating rules ready as fast as possible.

The SBR team need to make a plan for the tests. A plan that includes production (kind) of Use Cases.

The SBR team shall translate the Danish rules for Sector Coding to the needs for GEOSTAT. It shall be ready for it-development when the system goes into test. The rules must be agreed by NA. The NA must identify the most important public owned limiteds.

After the mission the SBR team will make a status on the identified items from mission 3.2.A.

Actions needed for moving forward:

Action	Deadline	Responsible person
A test version of the IT-system is ready.	End February 2021	IT (Giorgi)
A test plan is introduced and partly implemented	February, 2021	SBR (Manana)
Rules for sector code has been "translated" to Geostat needs	February 2021	SBR (Manana)

Annex 1. Terms of Reference

EU Twinning Project GE 16 ENI ST 06 18

December 14th – December 22nd 2020

Component 3: Development of Business Statistics

Sub-component 3.2: Statistical Business Register (SBR)

Mandatory results and benchmarks for sub-component 3.2

- Statistical business register (SBR) improved

Indicators of Achievement (baseline and targets):

- Availability of SBR-Storage procedures
 - **Baseline:** 2019 – Updating and storage procedures of SBR are insufficient
 - **Target:** March 2021 – Relevant changes applied for Ownership classifications, Continuity rules, Time stamps, Data changes and activity codes in SBR

Activity 3.2.D (RS): “Implementation of specific changes”

1. Purpose of the activity

Geostat have been working on different issues since the latest mission. The work performed and the status on the below mentioned subjects will be discussed:

- New IT system – test version
- Use cases for the IT system
- Updating rules for Enterprises and Local Units and the implementation hereof
- Plan for go in production – when, how, challenges
- Sector code implementation
- FATS
- Decisions made on Cash machine data
- The work to come concerning Enterprise Groups og joint stock companies

2. Expected output of the activity

- The above mentioned subjects have been discussed and the work performed by Geostat has been reviewed.
- Revisions and guidelines to further work and progress on the above mentioned subjects have been provided.
- Work plan for sub-component 3.2 updated.
- Mission report written
- Preparation of ToR for next mission



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Annex 2. Persons met

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