

# Absolute and Relative Poverty Indicators and GINI Coefficients

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<b>3. Statistical presentation</b>	
<b>3.1. Data description</b>	
Absolute and Relative Poverty indicators and GINI coefficients are calculated based on the Household Income and Expenditure Survey (HIES). The purpose of producing these indicators is to determine the level of concentration of incomes and expenditures, poverty level of the population and to obtain the data on the annual changes of these indicators.	
<b>3.2. Classification system</b>	
Classification of Individual Consumption According to Purpose (COICOP).	
<b>3.3. Sector coverage</b>	
Includes all private households of the country. Sample unit is randomly selected household despite the number of household members and their economic conditions.	
<b>3.4. Statistical concepts and definitions</b>	
<p><b>Household</b> is a group of persons who observe the rules of common living and occupy a single dwelling and are connected by the shared budget (or a part thereof), and by relative or non-relative relationships (a household may consist of one person).</p> <p><b>Standard of Living</b> implies providing the population with material, spiritual, social and living conditions, which is the same as the achieved level of consumption and the degree of satisfaction of human needs.</p> <p><b>Household Incomes</b> include all incomes of the household and its members during the reference period. Total income consists of cash and non-cash income. Cash income includes income from wages, self-employment, selling agricultural production, leasing, deposit (interest), pensions, scholarships, assistances, remittances from abroad and money received as gift.</p> <p><b>Household Expenditures</b> include all expenditures of the household and its members during the reference period. Total consumption expenditures consist of cash consumption expenditures and non-cash expenditures. Total expenditures include cash consumption expenditures, cash non-consumption expenditures and non-cash expenditures.</p> <p><b>Relative Poverty Line</b> is determined by the ratio of the distribution of total income or expenditure in the country. For example, the poverty threshold calculated at 40% or 60% of median consumption in the country.</p> <p><b>60 and 40 percent of Median Consumption</b> are relative poverty thresholds which are calculated according to the median of population distribution by the total consumption (consumption expenditure).</p> <p><b>Median Consumption</b> – Population distribution by total consumption is such a value that half (50 percent) of the total population consumes less than it while another half more than it.</p> <p><b>Poverty Level</b>, or otherwise the index number of the poor, is the share of the poor in the total population.</p>	

<b>Equivalent Adult</b> – Different people have different needs according to gender and age. Six sex-age groups with defined coefficients are used. An equivalent adult has a coefficient of "1" and coefficients of other members are determined by this index. The sum of all coefficients gives the number of equivalent adults in the household.
<b>Scale (Cohabitation) Effect</b> – Some types of costs (such as utility bills) decreases per household member when number of household member increases (for example, two individuals living separately spend more than these two people would spend in case of living together). To take scale effect into consideration, the scale effect is used which is determined as follows: Number of equivalent adults in the household in 0.8 degrees (only for households with more than one member).
<b>GINI Coefficient (Income Concentration Indicator)</b> –Represents the deviation of the actual distribution of income from their equal distribution line. In equal distribution the GINI index equals zero, and in absolute inequality - one.
<b>3.5. Statistical unit</b>
Household.
<b>3.6. Statistical population</b>
Sampling frame includes all private households of the country.
<b>3.7. Reference area</b>
Survey covers whole area of Georgia, excluding occupied territories of the country.
<b>3.8. Time coverage</b>
Absolute and Relative Poverty Indicators are available from 2004 onwards. GINI coefficients – from 1997.
<b>3.9. Base period</b>
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<b>4. Unit of measure</b>
Percent.

<b>5. Reference period</b>
Year.

<b>6. Institutional mandate</b>
<b>6.1. Legal acts and other agreements</b>
The Law of Georgia on Official Statistics; <a href="https://www.geostat.ge/media/20817/latest-Law-of-Georgia_2018.pdf">https://www.geostat.ge/media/20817/latest-Law-of-Georgia_2018.pdf</a> Statistical Work Programme (annual); <a href="https://www.geostat.ge/en/modules/categories/307/statistical-work-programme">https://www.geostat.ge/en/modules/categories/307/statistical-work-programme</a> Charter of the National Statistics Office of Georgia. <a href="https://www.geostat.ge/media/20845/10%2Csaqstatis-konsolidirebuli-debuleba.pdf">https://www.geostat.ge/media/20845/10%2Csaqstatis-konsolidirebuli-debuleba.pdf</a>
<b>6.2. Data sharing</b>
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<b>7. Confidentiality</b>
<b>7.1. Confidentiality – policy</b>
1. The Law of Georgia on Official Statistics: <ul style="list-style-type: none"> <li>• According to the article 4 of the law individual data collected by statistical agencies for statistical compilation, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively for statistical purposes.</li> <li>• According to the article 28 (Observing Confidentiality of Statistical Data) of the law 1. The data collected for the purpose of producing official statistics shall be confidential if it allows for identification of observation unit or it is possible to identify such data through it. 2. The confidential statistical data shall not be issued or disseminated or used for a non-statistical purpose but for the exceptions envisaged by the Georgian legislation. 3. When producing the official statistics, it is obligatory to destroy or store separately the identity data including the questionnaires containing such data and used for statistical surveys according to the rules defined in the Georgian legislation.</li> <li>• According to the article 29 (The Obligations and Responsibilities of the Employees of the Geostat) of the law the confidential statistical data collected and processed for the purpose of statistical survey shall not be used or</li> </ul>

disseminated by the employees of the units of the Geostat.

[https://www.geostat.ge/media/20817/latest-Law-of-Georgia\\_2018.pdf](https://www.geostat.ge/media/20817/latest-Law-of-Georgia_2018.pdf)

2. Data Confidentiality Policy at Geostat

[https://www.geostat.ge/media/20860/Data-Confidentiality-Policy-at-Geostat\\_En.pdf](https://www.geostat.ge/media/20860/Data-Confidentiality-Policy-at-Geostat_En.pdf)

3. Public Use Microdata Dissemination Policy at Geostat

[https://www.geostat.ge/media/20862/Microdata-Dissemination-Policy\\_Eng.pdf](https://www.geostat.ge/media/20862/Microdata-Dissemination-Policy_Eng.pdf)

4. The Law of Georgia on Personal Data Protection

<https://matsne.gov.ge/en/document/view/1561437?publication=9>

## 7.2. Confidentiality – data treatment

- Confidentiality guidelines.
- Written undertakings by an employee of Geostat on ensuring confidentiality of gained/collected data as a result of official duties.

## 8. Release policy

### 8.1. Release calendar

Data dissemination dates are defined according to the Advance release calendar, which is available on the website of Geostat and publicly accessible.

### 8.2. Release calendar access

<https://www.geostat.ge/en/calendar>

### 8.3. User access

All users have the equal access to the statistical data simultaneously.

## 9. Frequency of dissemination

Annual.

## 10. Accessibility and clarity

### 10.1. News release

News release on Poverty Indicators and Gini Coefficients:

<https://www.geostat.ge/media/45454/Poverty-Indicators-and-Gini-Coefficients---2021.pdf>

### 10.2. Publications

Statistical Yearbook of Georgia:

<https://www.geostat.ge/en/single-categories/95/statistical-yearbook>

### 10.3. On-line database

On-line database is available on website of the National Statistics Office of Georgia, in data dissemination software program PC-Axis format:

<http://pc-axis.geostat.ge/PXWeb/pxweb/en/Database/>

### 10.4. Micro-data access

Micro-data for public use, derived from the surveys conducted by the National Statistics Office of Georgia, must be used only for statistical or scientific purposes. These files do not include all direct and indirect identifiers. Extreme values and other similar indirect identifiers are anonymized.

Anonymized micro-data for the Integrated Household Survey (2009-2016) and Household Income and Expenditure Survey (2017-2021) are available in SPSS format on the website of Geostat:

<https://www.geostat.ge/en/modules/categories/128/databases-of-2009-2016-integrated-household-survey-and-2017-households-income-and-expenditure-survey>

### 10.5. Other

According to the Law of Georgia on Official Statistics, statistical data is public and Geostat ensures delivery of the statistical data for all users upon an electronic form or written request.

### 10.6. Documentation on methodology

Documentation on methodology of Households Incomes and Expenditures Survey is available on website of Geostat:

<https://geostat.ge/media/28952/Handbook-Of-Household-Surveys-%28Revised-Edition%29.zip>

Documentation on methodology of indicators of poverty and inequality (in Georgian):

[https://www.geostat.ge/media/49220/Poverty\\_Gini\\_Methodology.pdf](https://www.geostat.ge/media/49220/Poverty_Gini_Methodology.pdf)

### 10.7. Quality documentation

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## 11. Quality management

### 11.1. Quality assurance

To ensure the quality of the statistical processes and products Geostat follows Article 4 – Basic principles of official statistics – of the Law of Georgia on Official Statistics, as well as the European Statistics Code of Practice, the UN Fundamental Principles of Official Statistics and Quality Assurance Framework of the European Statistical System (QAF).

### 11.2. Quality assessment

Methodology and Quality Management Division of Geostat, along with the sectoral departments, is responsible for the quality of the produced statistical products and processes. The Division carries out quality audit of statistical processes and assesses the risks associated with production of statistical data. Geostat has developed policy documents, guidelines and standard routine descriptions. These documents ensure the standardization of statistical processes and products and the establishment of a unified quality assurance system.

## 12. Relevance

### 12.1. User needs

Users of the statistical information are state authorities, international organisations (Eurostat, United Nations and UN's regional and specialized authorities, World Bank, etc.), business, media, researchers, students and private persons.

### 12.2. User satisfaction

In 2021 user satisfaction survey was conducted, the target of the survey was to analyze the assessment of quality of statistical data by users and explore ways to improve user services. The survey report is available on the website of Geostat (in Georgian):

<https://www.geostat.ge/ka/page/customer-service>

### 12.3. Completeness

Data is in line with international standards.

## 13. Accuracy and reliability

### 13.1. Overall accuracy

The source of the Absolute and Relative Poverty indicators and GINI coefficients – Household Income and Expenditure Survey is based on a sampling method. In General, it is attended by existence of statistical errors. Therefore, during the calculation of survey results standard error is taken into consideration.

### 13.2. Sampling error

In 2021, sample size comprised 17 280 households. 13 621 households were interviewed countrywide. Response rate of households which is calculated as interviewed households divided on sampled households, amounted to 78.8 percent. The table below represents standard errors, confidence intervals, coefficients of variation and design effects of indicators:

	Standard Error	95% Confidence Interval		The Coefficient of Variation	Design Effect
		Lower Bound	Upper Bound		
Absolute Poverty	0.7	16.1	18.9	4.1	4.8
Share of population under 40 percent of the median consumption	0.5	6.4	8.4	6.9	5.2
Share of population under 60 percent of the median consumption	0.7	17.5	20.2	3.6	4.2

### 13.3. Non-sampling error

Non-sampling error can occur because of sampling frame inaccuracy. The sampling frame of the survey on Household income and expenditure is based on the database of General Population Census of 2014. Updating the sampling frame takes long time. Non-sampling error can also be caused by non-responses – refusal of respondents on obtaining information or incomplete information. Non-sampling errors can also occur for other reasons too.

<b>14. Timeliness and punctuality</b>
<b>14.1. Timeliness</b>
Annual data are published in May of the following year of the reporting period.
<b>14.2. Punctuality</b>
The data is published according to the date indicated at Statistical Work Programme. Violation of publication dates never occurred.
<b>15. Coherence and comparability</b>
<b>15.1. Comparability – geographical</b>
Used methodology is comparable on regional and international level.
<b>15.2. Comparability – over time</b>
Data is comparable over time.
<b>15.3. Coherence – cross domain</b>
Data is coherent.
<b>15.4. Coherence – internal</b>
Data is coherent.
<b>16. Cost and burden</b>
<ul style="list-style-type: none"> <li>• There are 150-160 interviewers involved in the survey in 11 regional offices;</li> <li>• Logical control group - 4 members and data entry operators – 7 members;</li> <li>• Database is cleaned by 6 permanent staff member of division;</li> <li>• The monthly sample size is <math>4\ 320/3 = 1\ 440</math> households, with 4 320 households per quarter;</li> <li>• Average duration of initial and follow-up interviews 1 hour –1 h 20 min;</li> <li>• In addition, each household completes Diary of expenses, which includes household members' expenditure on food and non-food products during the past week. The time spent on filling the diary depends on the specific case and cannot be estimated.</li> </ul> <p>In 2021, budget of Households Incomes and Expenditures Survey amounted to 458.2 thousand GEL.</p>
<b>17. Data revision</b>
<b>17.1. Data revision – policy</b>
Statistical data revision policy is available on the website of Geostat (in Georgian): <a href="https://www.geostat.ge/media/44385/Revision-policy-and-error-correction_Geo.pdf">https://www.geostat.ge/media/44385/Revision-policy-and-error-correction_Geo.pdf</a>
<b>17.2. Data revision – practice</b>
Planned revision of data is not carried out. An Unplanned revision (to clarify data) was not carried out in 2021.
<b>18. Statistical processing</b>
<b>18.1. Source data</b>
<p>The main source of the data on absolute and relative poverty and GINI coefficients is Household Income and Expenditure Survey (Integrated Household Survey - Before 2017).</p> <p>The sampling frame is based on the General Population Census 2014 (Before 2017 the sampling frame was based on the General Population Census 2002). New listing of households (actualization) is conducted in all sampled enumeration areas. Pre-defined number of households are selected from the sampling frame on a random sampling basis. Sampling is done using a specially designed program.</p> <p>Two-stage stratified cluster random sampling is used for sampling design. At the first stage, enumeration areas are selected, and at the second stage - household addresses. In addition, stratification is done to reduce sampling errors.</p> <p>From 2017 each household is interviewed based on the 2-2-2 rotation scheme. This implies that the interviews are conducted twice during the two quarters and the third and fourth interviews are conducted in the same quarters of the next year when the first and second interviews were conducted. Before 2017 each household was interviewed four times in a row for four quarters.</p> <p>Each month the households which were participating in the sample for four times are excluded from the sample and they are replaced by another randomly selected household from the same cluster (household rotation). This rotation scheme allows to renew the sample on the one hand, and on the other hand, to create panel survey which is necessary</p>

for the poverty study.
<b>18.2. Frequency of data collection</b>
Data is collected monthly.
<b>18.3. Data collection</b>
To collect data, interviewer goes to the respondent's household and completes five questionnaires (printed versions). Sixth Questionnaire - Expenditure Diary is designed to leave in the household. It is filled by the household within one week according to the instructions given by the interviewer. For this purpose, interviewer conducts 3 visits in the household. Interviewer fills-in the non-response form for the primary sampling unit level with reasons for refusal. Electronic versions of questionnaires are available on website: <a href="https://www.geostat.ge/en/modules/categories/560/household-survey">https://www.geostat.ge/en/modules/categories/560/household-survey</a>
<b>18.4. Data validation</b>
Each month, double data entry is used by the operators' team to entry the raw data (completed questionnaires) into the database within 10-15 days after receiving material (15th-20th days after the end of the survey month). The purpose of double data entry is to prevent data entry errors. If there is any discrepancy between the first and second inputs, the specially designed program indicates the difference. The operator has to determine which record is correct and corrects the data. After recording the materials into the database, a specially designed program identifies and shows inconsistencies in the questionnaires. In case of inconsistency, logical control group corrects data based on contacting interviewer/supervisor and/or respondent based on the information received from them. After the computer logical control is completed, data cleaning is continued using Microsoft Access by the staff of the Living Conditions Statistics Division. Data comparison between questionnaires and quarters is implemented as well.
<b>18.5. Data compilation</b>
After the cleaning of the database, the aggregated database is formed and the data is weighted. The data is weighted at the stratum-panel level. Results are calculated using MS Access, MS Excel and SPSS.
<b>18.6. Adjustment</b>
Not applicable.
<b>19. Comment</b>
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