

Construction Cost Index

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2. Metadata update	
2.1. Metadata last certified	March 9, 2023
2.2. Metadata last posted	March 9, 2023
2.3. Metadata last update	March 9, 2023

3. Statistical presentation	
3.1. Data description	
The Construction Cost Index measures the average price level of construction materials and services used for the construction of residential, non-residential, and civil buildings in the reporting period compared to the reference period.	
3.2. Classification system	
The structure of the construction cost index corresponds to the internal classification of the price statistics department.	
3.3. Sector coverage	
The CCI covers the following cost categories: <ul style="list-style-type: none"> • Construction materials; • Wages; • Machinery; • Transportation, fuel and electricity; • Other costs. 	
3.4. Statistical concepts and definitions	
The following information is published: <ul style="list-style-type: none"> • The construction cost index compared to the previous month; • The construction cost index compared to February 2022. 	
3.5. Statistical unit	
The observable statistical unit is the organizations operating across the country and supply construction materials and services to the market.	
3.6. Statistical population	
The selection of observable organizations across the country is based on the statistical data of enterprises.	
3.7. Reference area	
The prices are collected from organizations operating in the country (except in the occupied territories), for construction materials and services supplied by them on the market.	
3.8. Time coverage	
2017-2022 – quarterly; From February 2022 – monthly.	
3.9. Base period	
The previous month and February 2022;	

4. Unit of measure	
Index.	

5. Reference period	
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Month.

6. Institutional mandate
6.1. Legal acts and other agreements
The Law of Georgia on Official Statistics; https://www.geostat.ge/media/20817/latest-Law-of-Georgia_2018.pdf Statistical Work Programme (annual); https://www.geostat.ge/en/modules/categories/307/statistical-work-programme Charter of the National Statistics Office of Georgia. https://www.geostat.ge/media/20845/10%2Csaqstatis-konsolidirebuli-debuleba.pdf
6.2. Data sharing
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7. Confidentiality
7.1. Confidentiality – policy
1. The Law of Georgia on Official Statistics: <ul style="list-style-type: none">• 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.• 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.• 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 disseminated by the employees of the units of the Geostat. 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
3. Public Use Microdata Dissemination Policy at Geostat 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
<ul style="list-style-type: none">• 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
Monthly.

10. Accessibility and clarity
10.1. News release
Press release for the construction cost index is published through Geostat’s website on a monthly basis. It contains information about monthly and, compared to February 2022 index rates, as well as the contributions of sections and divisions to the index formation. The press release also includes a time services graph. It is available on the following link: https://www.geostat.ge/en/news
10.2. Publications
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10.3. On-line database
Data are available to all users on the Geostat’s website: https://www.geostat.ge/en/modules/categories/27/producer-and-import-price-index
10.4. Micro-data access
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10.5. Other
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10.6. Documentation on methodology
The methodology for compilation of the construction cost index is available on Geostat’s website: https://www.geostat.ge/en/modules/categories/122/methodologia-price-statistics
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
The construction cost index is used for the following purposes: <ul style="list-style-type: none"> •The CCI has an important role in deflating different economic indicators; •The index is used for indexation of contracts in both public and private sectors; •The index is an analytical instrument for researchers and representatives of business sector. The main users of the index are: public agencies, international organizations, researchers and students, media representatives and other stakeholders.
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 are consistent to the international standards.

13. Accuracy and reliability
13.1. Overall accuracy

Accuracy of data is ensured by compliance with international methodology of research and calculation methods.
13.2. Sampling error
There is no assessment of the sampling error of the index. The sample size made from the given population is optimal, given the research objectives and limited resources.
13.3. Non-sampling error
Non-sampling errors in the price index for material inputs to construction industries are not assessed. To minimize this kind of errors, the index calculation step involves several levels of control.
14. Timeliness and punctuality
14.1. Timeliness
The data are published on the 37th day after the reporting month (in 6-9).
14.2. Punctuality
The data are published according to the date specified in the statistical work program. There has not been any violation of publication dates.
15. Coherence and comparability
15.1. Comparability – geographical
The prices are collected in different regions of the country (depending on the company locations) and practically covers all regions of Georgia. The principles of price collection and index calculation are based on international methodology and are fully consistent with it. In addition, prices are collected using the general methodology, which insures data comparability within the country.
15.2. Comparability – over time
The index is comparable for the whole period.
15.3. Coherence – cross domain
Data are coherent.
15.4. Coherence – internal
Indices are coherent with the initial data – indices on the aggregate level are compiled using the lowest level indices through a clearly defined procedure.
16. Cost and burden
The annual budget for statistical survey of prices (including consumer, producer and import prices) in 2023 is 255 200 GEL.
17. Data revision
17.1. Data revision – policy
Statistical data revision policy is available on the website of Geostat: https://www.geostat.ge/media/44385/Revision-policy-and-error-correction_Geo.pdf
17.2. Data revision – practice
Planned revision of data is not carried out. An Unplanned revision (to clarify data) was not carried out in 2022.
18. Statistical processing
18.1. Source data
For the purpose of compilation of the CCI, prices are collected from organizations operating across the country, for construction materials and services supplied by them on the market. The observable price of a material (service) is the value of the construction material (service) purchased by a construction organization for construction of residential, non-residential, and civil buildings in the specified period. In order to select the observable construction materials and services and to identify their characteristics, on the first stage large construction companies operating in the country are surveyed through an additional questionnaire. After the selection of construction materials and services, on the second stage of the survey the supplier companies are selected (based on the information from the additional questionnaires and the data of the enterprise statistics) for the purpose of further price observation of the construction materials and services provided on the market. During the selection process of the construction materials and services maximally detailed specifications are determined for them. To follow the specifications is the most important part of price registration since the monthly

recorded difference between prices should be caused by the pure price change of a material or a service, rather than by changes in characteristics of materials or services.

For the purpose of price registration for construction materials and services, the sample of organizations is updated annually based on the data of enterprise statistics. In case a company stops functioning in the reporting period, the substitution does not occur until the sample update.

18.2. Frequency of data collection

Price collection fieldworks are conducted monthly, on the same date of the following month of the reporting period, from the 1st to the 8th day.

18.3. Data collection

During the price collection fieldworks, the representative of the organization fills the questionnaire published on Geostat's website. The price collection fieldworks are conducted from the 1st to the 8th of the month following the reporting period (month). The questionnaire contains the following information: description of the selected construction material (service), measurement unit, the prices in the reporting, reference and the previous month (the average monthly selling price for construction material or service provided by organization) and also, in case of price change the reason of this change.

The base price for material (service) is registered in the beginning of the reporting year and remains unchanged during the whole year. Electronic questionnaire is filled in online. The organizations fill the questionnaire independently or with the help of price enumerator. Online questionnaires are on the following link:

<http://database.geostat.ge/portal/ent/index.php>

It is possible to see the questionnaires on Geostat's website, on the following link:

<https://www.geostat.ge/en/modules/categories/557/questionnaires-price-statistics>

18.4. Data validation

The CCI validation procedures are conducted in two stages:

On the first stage validation takes place simultaneously with the price registration fieldworks. In case of price change, the person responsible for filling the questionnaire is required to define by the comment the reason of the change. After the data are sent to the central office, a responsible employee conducts analysis and logical control of the data.

On the second stage accuracy of the price, which are extremely deviated from the price of the previous month, is checked after calculating the overall index.

18.5. Data compilation

During the calculation of the CCI, if in the reporting period no price is recorded for one of the materials or services, an imputation method will be used – reporting the latest recorded price before the reappearance of the real price.

Weights for an individual material/service in the proper construction segment (residential, nonresidential, and civil) represent the share of the cost of the material/service in the overall construction expenditures in the segment. The information about weights is obtained from the additional questionnaires. The weights are updated once every 5 years, based on the cost of buildings constructed by construction organizations. During updating the weights, the list of materials and services included in the index may change.

The lowest level index is the index calculated for the individual material/service.

The long term index for the proper construction segment (residential, non-residential, and civil) compared to the price reference period is calculated using the Laspeyres-type formula. The same formula is used for calculating all upper level indices. For example, the total CCI is calculated by weighting the long term indices of all construction segments (residential, nonresidential, and civil) where the sum of the weights of the indices is 1.

A short term index compared to the previous month is obtained from the ratio of long term indices in the reporting and previous period, calculated comparing to the price reference period.

During the update of weights, the list of construction materials and services may also be updated. At this time prices are collected for types of materials and services both in the old and new sampled, which enables chain-linking of indices calculated for different samples. Chaining enables to calculate indices with a long term reference period.

If in the reporting period an organization stopped selling the observable material or service but sells another similar material/service, it is possible to replace the old material or service with a new one.

If the characteristics of the observable material/service have changed, but the criteria for comparison is not violated, it is allowed to compare the old and new material/service. In this case, it is important that the price change caused by quality change is not reflected in the index.

18.6. Adjustment

Not applied.

19. Comment

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