

## Harmonised Index of Consumer Prices

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2. Metadata update	
2.1. Metadata last certified	February 20, 2024
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2.3. Metadata last update	February 20, 2024

3. Statistical presentation	
<b>3.1. Data description</b>	
<p>The <b>Harmonised Indices of Consumer Prices (HICP)</b> measures average price level of the goods and services purchased by consumers compared to the reference period.</p> <p>The HICP includes expenditures on goods and services acquired for private consumption by resident and non-residents on the economic territory of the country.</p> <p>The HICP is based on a unified, harmonised methodology and regulations developed by the statistical office of the EU–Eurostat. When calculating the index, their strict observance is mandatory to ensure the international comparability of the index.</p>	
<b>3.2. Classification system</b>	
The data is grouped according to the the European version of the „Classification of Individual Consumption by Purpose“ – ECOICOP.	
<b>3.3. Sector coverage</b>	
The HICP reflects changes in expenditures on goods and services acquired for private consumption by residents and non-residents within the territory of the country.	
<b>3.4. Statistical concepts and definitions</b>	
<p>Published data:</p> <ul style="list-style-type: none"> <li>• Percentage changes of the Harmonised Index of Consumer Prices compared to previous month;</li> <li>• Percentage changes of the Harmonised Index of Consumer prices compared to corresponding month of previous year.</li> </ul>	
<b>3.5. Statistical unit</b>	
The published index reflects the „final monetary expenditure“ of residents and non-residents within the country.	
<b>3.6. Statistical population</b>	
<p><b>Harmonised Indices of Consumer Prices</b> reflects changes in expenditure on goods and services purchased for private consumption by residents and non-residents within the country.</p> <p>The index <b>does not cover</b> expenditures of government or institutional households (hospitals, prisons, shelters, etc.).</p>	
<b>3.7. Reference area</b>	
The prices are collected in retail outlets and service establishments in six cities: Tbilisi, Kutaisi, Batumi, Gori, Telavi and Zugdidi. The consumer basket is identical for all cities.	
<b>3.8. Time coverage</b>	
Since 2021 – to present.	
<b>3.9. Base period</b>	
Previous month, same month of the previous year.	

4. Unit of measure	
Index percentage change over the previous month and over the same month of the previous year.	

## 5. Reference period

Month.

## 6. Institutional mandate

### 6.1. Legal acts and other agreements

The Law of Georgia on Official Statistics;

<https://www.geostat.ge/media/56202/The-Law-of-Georgia-on-Official-Statistics.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:

- According to the article 5 of the law Statistical confidentiality and exclusive use for statistical purposes – individual data collected or received by the producer of official statistics, relating to natural or legal persons, must be strictly confidential and used only for statistical purposes.
- According to the article 34 (Observing Confidentiality of Statistical Data) of the law 1. Data collected, processed, and stored to produce official statistics are confidential if they enable the direct or indirect identification of a statistical unit. In addition, aggregated data are subject to statistical confidentiality: a) Aggregates composed of 1 to 3 units, when the unit is a natural or legal person if one of these units could be identified indirectly, thereby disclosing individual data about this unit. Aggregates composed of more than 3 units may be declared confidential by the Executive Director if required to ensure statistical confidentiality; b) Information declares as a state secret on the basis of the „Law of Georgia on State Secrets“. 2. Confidential data shall be used exclusively for the purposes of producing statistics in accordance with this law. 3. Statistical data about the administrative body cannot be considered confidential information, except for the information determined by the Law of Georgia „On State Secrets“. 4. Individual data obtained from publicly available sources, which are defined as public information in accordance with the legislation of Georgia, shall not be considered confidential information. 5. Confidential (individual) data may be published if there is written consent from the statistical unit regarding the publication of such data. 6. It is not allowed to disseminate and distribute confidential data or use it for non-statistical purposes.
- According to the article 38 (Confidentiality commitments) of the law the confidential statistical data collected and processed for statistical purposes shall not be used or disseminated either for personal, academic, research or any other activities, by the employees of the producers of Official Statistics.

<https://www.geostat.ge/media/56202/The-Law-of-Georgia-on-Official-Statistics.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. Procedure for providing access to confidential data for research purposes (in Georgian)

<https://www.geostat.ge/media/58983/დადაგენილება--3.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 by the calendar developed on the basis of the Statistical Work Programme, which is published on the website of Geostat and is publicly available.

<b>8.2. Release calendar access</b>
<a href="https://www.geostat.ge/en/calendar">https://www.geostat.ge/en/calendar</a>
<b>8.3. User access</b>
All users have the equal access to the statistical data simultaneously.
<b>9. Frequency of dissemination</b>
Monthly.
<b>10. Accessibility and clarity</b>
<b>10.1. News release</b>
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<b>10.2. Publications</b>
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<b>10.3. On-line database</b>
Data is accessible to all consumers on Geostat website: <a href="https://www.geostat.ge/en/modules/categories/725/harmonised-index-of-consumer-prices">https://www.geostat.ge/en/modules/categories/725/harmonised-index-of-consumer-prices</a> Also available in PC-Axis format: <a href="https://pc-axis.geostat.ge/PXweb/pxweb/en/Database">https://pc-axis.geostat.ge/PXweb/pxweb/en/Database</a>
<b>10.4. Micro-data access</b>
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<b>10.5. Other</b>
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<b>10.6. Documentation on methodology</b>
The methodology on computing consumer price index and core inflation is available on Geostat website: <a href="https://www.geostat.ge/media/46455/CPI-methodology_27Dec21.pdf">https://www.geostat.ge/media/46455/CPI-methodology_27Dec21.pdf</a>
<b>10.7. Quality documentation</b>
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<b>11. Quality management</b>
<b>11.1. Quality assurance</b>
To ensure the quality of the statistical processes and products Geostat follows Chapter 10 – Quality 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 (ESS QAF).
<b>11.2. Quality assessment</b>
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, self-assessment of statistical processes and assesses the risks for the quality of statistical processes and products. 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. Quality policy is available on the following link: <a href="https://www.geostat.ge/media/44380/QP_Geostat_EN.pdf">https://www.geostat.ge/media/44380/QP_Geostat_EN.pdf</a>
<b>12. Relevance</b>
<b>12.1. User needs</b>
<b>Harmonised Indices of Consumer Prices</b> is used for the following purposes: <ol style="list-style-type: none"> <li>1. The HICP is the additional measure of inflation rate in Georgia;</li> <li>2. The HICP is used for the purpose of international comparability.</li> </ol> The main users of the index are: public authorities, international organizations, researchers and students, media and other interested persons.
<b>12.2. User satisfaction</b>
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):

<a href="https://www.geostat.ge/ka/page/customer-service">https://www.geostat.ge/ka/page/customer-service</a>
<b>12.3. Completeness</b>
Data corresponds to international standards.
<b>13. Accuracy and reliability</b>
<b>13.1. Overall accuracy</b>
Data accuracy is provided with accordance to international methodology on research and calculation.
<b>13.2. Sampling error</b>
No sample error evaluation for HICP. Sample size is optimal given the study objectives and limited resources.
<b>13.3. Non-sampling error</b>
No non-sample error evaluation for HICP. In order to keep this type of error minimal index calculation includes multiple levels of validation.
<b>14. Timeliness and punctuality</b>
<b>14.1. Timeliness</b>
The data is published on the 10 <sup>th</sup> day after the reference month.
<b>14.2. Punctuality</b>
The data is published according to the date specified in the statistical work program. There has not been any violation of publication dates.
<b>15. Coherence and comparability</b>
<b>15.1. Comparability – geographical</b>
Prices are collected in retail outlets in six cities: Tbilisi, Kutaisi, Batumi, Gori, Telavi and Zugdidi. The national index is the weighted arithmetic mean of the lower and upper level aggregate indices of individual cities corresponding to their weights. Consumer basket is identical for all cities. 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.
<b>15.2. Comparability – over time</b>
<b>Harmonised Index of Consumer prices:</b> Data is calculated since 2021 and is comparable as for total index, also for ECOICOP groups.
<b>15.3. Coherence – cross domain</b>
Data is coherent.
<b>15.4. Coherence – internal</b>
The indices are consistent with the initial data – Aggregated indices are derived from elementary level indices through a clearly defined procedure.
<b>16. Cost and burden</b>
In 2024 annual budget of statistical surveys of prices (consumer, producer and import prices) amounted to 282 510 GEL.
<b>17. Data revision</b>
<b>17.1. Data revision – policy</b>
Statistical data revision policy is available on the website of Geostat: <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 2023.
<b>18. Statistical processing</b>
<b>18.1. Source data</b>
The primary data used for calculating HCPI is the prices of goods and services obtained by monthly research. Observed goods and services are represented by the fixed consumer basket, which reflects the structure of consumption

expenditures for an average consumer. Goods and services in the consumer basket are selected based on the data of National Accounts and Integrated Household Survey and are grouped according to ECOICOP – European Classification of Individual Consumption by Purpose. Currently, the basket consists of 305 types of goods and services.

Prices are collected in retail outlets in **six largest cities**: Tbilisi, Kutaisi, Batumi, Gori, Telavi and Zugdidi. Cities are selected based on the share of region's population expenditure in total monetary expenditure and the size of the city. Information about the active business entities is used as a data source for outlet sampling. Sampling is conducted for each city, based on the commodity groups represented in the basket (in some cases for individual goods and services) and sequential pps (probability proportional to size) sampling method is applied. Currently, more than 1800 outlets are observed.

After completing outlet sampling, market survey is conducted to determine the most commonly sold items of goods and services included in the basket. Thus, most demanded representative items are selected for price collection. More than 17 000 prices are collected each month within the country.

### 18.2. Frequency of data collection

Price collectors register consumer prices during the same dates from 10th to 20th of each month.

### 18.3. Data collection

There are two main methods of price collection - local and central.

**Local price collection** is used for most of the goods and services represented in the consumer basket.

It can be conducted in the following ways:

- Price enumerator personally visits sampled outlets and registers the prices for predetermined goods and services;
- Price enumerator registers prices by the telephone. Such goods and services include:
  - Transport services (train tariffs, air flight fees, tariffs for public road transport);
  - Communication (monthly telephone fees, intercity telephone call tariffs, mobile phone tariffs);
  - Cable TV fee;
  - Public utility fees (natural gas, water, electricity, refuse collection);
  - Medical services (therapist's and dentist's services, surgeon and childbirth services, blood test).

Prices for goods and services are collected in the following types of retail outlets:

- Retail markets and market-type outlets;
- Stores;
- Supermarkets;
- Specialized stores and retail chains;
- Newsstands;
- Household service establishments;
- Recreation and entertainment facilities;
- Health and education institutions;
- Catering, etc.

Central price collection is conducted by headquarter representatives. This method includes centrally fixed prices, which can be obtained from the headquarters of retail outlets. In this case, it is important to check if the goods and services in question are actually available and sold in a specified outlet of a corresponding city.

Collection of centrally fixed prices considers price registration of goods and services that have the same price across the country or represent production sold in retail chains. Such prices can be registered either by price enumerators or central office and the price is extended across other cities. Examples for this kind of goods and services are:

- Pharmaceutical products;
- New and secondary cars;
- Fuel (gasoline, diesel);
- Train tariffs;
- Air flight fees;
- Mobile phone tariffs;
- Banking service fee;

Intercity telephone call tariffs, etc.

### 18.4. Data validation

Data validation consists of two stages:

**On first stage** price validation takes place simultaneously with price registration field work. If an observed price does not fall in the predetermined relative price range, built-in software controls alert the price enumerator to check the price.

Price enumerators confirm the accuracy of the price by making an appropriate comment. The data is sent to the central office on the same day of price registration and the central office employee, responsible for the specific city, analyzes the

data. If necessary, the price is checked by registrar.

**On second stage** primary data analysis is carried out by the central office after calculating the indices and average prices. During the second stage of validation the following analysis is performed:

1. Elementary and group indices for all six cities are compared and significant deviations from the average rate are checked;
2. Dynamics of average prices and detailed indices are analyzed.

Irrespective of the number of comparable prices registered in each city, an elementary aggregate index is considered to be reliable if it passes the above validation checks.

#### **18.5. Data compilation**

The weights for the groups of goods and services represented in the basket are based on the consumption structure derived from the National Accounts' data and reflect the latest expenditure pattern by resident and non-resident across the country. Additional source for the weight calculation is the information received from the Integrated Household Survey. The final data on weights represents the share of monetary expenditures on goods and services in the overall consumer's monetary expenditures.

Weights for each city are calculated as shares of consumer's monetary expenditures of the corresponding region in the total consumer expenditures. The city weights are also based on the National Accounts' data and the Integrated Household Survey information.

The weights are updated annually based on the newest information received from the above-mentioned sources.

Weights for period t are calculated based on the information from period t-2.

Elementary level index is the geometric mean of price ratios. CPI for the whole consumer basket is calculated using the Laspeyres-type formula. The national level index is a weighted arithmetic mean of elementary or higher-level aggregate indices calculated for individual cities.

During the annual update of the consumer basket and item specifications in December, the prices are collected for both old and new basket types, allowing for the chain linking of two different baskets. Regardless of the change in group weights or components, chain-linking can be used for group index calculations over a long-term base period.

#### **18.6. Adjustment**

Not applicable.

#### **19. Comment**

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