

NATIONAL STATISTICS OFFICE OF GEORGIA



National Strategy for the Development of Statistics in Georgia 2011-2014

Tbilisi, 2011

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National Strategy for the Development of Statistics (NSDS) in Georgia has been prepared with support from the World Bank's Trust Fund for Statistical Capacity Building in line with international recommendations. It covers a short-term 2011-2014 action plan and long-term perspectives and vision. It also provides an assessment of the current situation, identifies the main constraints and challenges, sets out a vision for the future and specifies a detailed work programme, based on the main priorities.

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ACRONYMS AND ABBREVIATIONS

BDD	Basic Data and Directions (Medium-term Expenditure Framework)
CPI	Consumer Price Index
DQAF	Data Quality Assessment Framework
EC	European Commission
ECA	Europe and Central Asia
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
Geostat	National Statistics Office of Georgia
GIS	Geographic Information System
GSBPM	Generic Statistical Business Process Model
HR	Human resources
HS	Harmonized System
IMF	International Monetary Fund
ICP	International Comparison Programme
IT	Information Technology
LEPL	Legal Entity of Public Law
MOU	Memorandum of Understanding
NSDS	National Strategy for the Development of Statistics
NQAF	National Quality Assessment Framework
OECD	Organisation for Economic Cooperation and Development
PPI	Producer Price Index
SDDS	Special Data Dissemination Standard
SDMX	Statistical Data and Metadata Exchange
TACIS	Technical Assistance to the Commonwealth of Independent States
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNECE	United Nations Economic Commission for Europe
USAID	United States Agency for International Development

CONTENTS

Summary	7
1. Introduction –Preparation of a National Strategy for the Development of Statistics (NSDS) in Georgia.....	10
The Georgian Statistical System.....	10
The need for a NSDS in Georgia.....	11
How the Strategy was prepared.....	11
The scope and contents of the NSDS.....	11
Overview of the document.....	12
2. The Starting Point – The Situation of Statistics in Georgia in 2011	
The development of official statistics in Georgia.....	13
The establishment of Geostat.....	14
Good progress has been made.....	16
Strengths and weaknesses of the Georgian statistical system.....	16
Threats and opportunities.....	16
Support from donors for statistics and the development of capacity.....	17
3. The environment we operate in.....	22
The economic outlook for Georgia.....	22
The current and expected demand for statistics.....	25
The constraints we face.....	26
4. Our Vision and Our Priorities.....	28
The vision for the Georgian Statistical System.....	28
Our mission – what we want to achieve.....	28
Putting our vision and mission into effect – our medium term priorities.....	28
Improving statistical business processes.....	29
Strengthening management and coordination of the statistical system.....	29
Building the infrastructure.....	30
Human resource development.....	30
5. The Geostat Business Plan 2011 to 2014.....	31
Overview.....	31
Improving the quality and coverage of Geostat’s statistics.....	31
National accounts.....	31

Business statistics.....	32
Prices.....	33
External statistics.....	34
Agricultural and environmental statistics.....	35
Population census and demographic statistics.....	36
Social statistics.....	37
Improving the use of statistics.....	38
Having an effective and clear dissemination policy.....	38
Making the web-site more accessible and user-friendly.....	39
Documenting activities and providing better access to metadata.....	39
Developing and promoting the dialogue with users and improving customer services.....	40
Providing better access to micro-data for research and further analysis.....	40
Having a clear comprehensive and reasonable charging policy.....	41
Developing our human resources.....	41
Making working in statistics attractive.....	41
Ensuring that staffing levels are able to meet an increasing workload.....	42
Investing in skills and competencies.....	44
Improving the coordination and management of statistical activities.....	44
Strengthening accountability and the role of the Geostat Board.....	45
Improving coordination with other official statistical providers and implementing data quality standards for Georgian statistics.....	45
Building the infrastructure.....	46
Improving registers and sampling frames.....	46
Ensuring that the classifications we use are relevant and up to date.....	46
Building a geographic information system and making better use of geo-referenced data.....	47
Improving data management and ensuring data security.....	47
Improving the efficiency of all data collection activities.....	48
Improving regional statistics and building local capacity to collect and use statistics.....	48
6. Monitoring Progress – Measuring and Reporting Results.....	50
Monitoring and reporting on progress.....	50
The monitoring framework.....	50
Reporting.....	51
7. Implementation and Financing of the NSDS.....	52
Implementation arrangements.....	52
The cost of implementing the NSDS.....	53
The financing plan.....	53
Annex 1. The Monitoring Framework.....	55
Annex 2. Addressing Disparities in Geostat Salary Levels.....	62

SUMMARY

- i. This National Strategy for the Development of Statistics in Georgia sets goals and targets for the national statistical system from 2011 until December 2014 and has been prepared in line with the recommendations of the Partnership in Statistics for Development in the 21st Century (PARIS21). It identifies the current status of the statistical system, sets out strengths and weaknesses and reviews the external environment for statistics in the country.
- ii. The NSDS establishes a mission and vision for the national statistical system based on the 2009 Law on Official Statistics and identifies priorities for the next four years. While the focus of the mission and vision, as well as the assessment, is the national statistical system as a whole, the implementation, or business, plan is concerned specifically with the National Statistics Office of Georgia (Geostat).
- iii. The assessment found that the statistical system had a number of strengths. There have been clear improvements in the quality and coverage of economic and financial statistics demonstrated by reaching the IMF's Special Data Dissemination Standard in 2010. Georgia has also shown rapid improvements in statistical capacity as measured by the World Bank between 2004 and 2010. Other strengths include the establishment of Geostat as an independent statistical agency and the commitment to maintaining trust in the integrity of official statistics. A strong leadership structure is in place and there is both a willingness to change and mechanisms to set a clear strategic direction.
- iv. Weaknesses reflect limited resources, especially the level of the recurrent budget, inadequate numbers of professional staff and uncertainties over the financing of the next population census. These problems are not much different from those facing many other countries at a similar level of development.
- v. In the medium-term Georgia faces a number of economic challenges and these have important implications for the Georgian statistical system. First, there is a need for statistics to monitor the performance of the economy as a whole and for capacity to respond to demands for data on shocks and their impact on the economy and on vulnerable groups. Second, the continued fiscal adjustment means that the room to expand the budget for statistical activities is very limited and the case for an increase in either the recurrent or the capital budget needs to be very strong. Third, statistics must continue to play its part in reducing the bureaucratic burden on the private sector, by taking steps to limit the need to collect data from businesses and by ensuring the reporting burden from all areas of government is minimized.
- vi. The uses for statistics in Georgia and the number and types of users are increasing. In addition to providing data to government, in a rapidly developing, modern, open and democratic country, official statistics have an important role to play in supporting the efficient operation of markets, in providing a mechanism for monitoring the development of the country and in promoting accountability and transparency.
- vii. As the NSDS is rolled out, Geostat and other statistical agencies will need to gain a better and deeper understanding of the different groups of data users and their needs. While some users already have a good knowledge of different kinds of statistics and how they can be used, others are fairly inexperienced and

are likely to need help in order to understand what different statistics represent and how they can be interpreted. An important objective of the strategy will be to develop new statistical products and services that make use of new technology and which are targeted at different types of user.

- viii. Over the period of the NSDS it will not be possible to meet all the demands for statistical data that might arise. Overall the objective is to deliver better results, that is, better statistical data in forms that promote their use for decision making and planning at all levels. Priority areas for development identified in the NSDS are: (i) improving and expanding statistical business processes; (ii) improving leadership, coordination and management; (iii) renewing, developing and maintaining the infrastructure; and (iv) investing in the staff.
- ix. Specific data priorities include (i) a new population census to be completed in 2014; (ii) an agricultural census to be carried out in conjunction with the population census; (iii) an economic census, to provide a detailed picture of the structure of manufacturing, services and other sectors; (iv) improving the coverage and quality of key data series, including, the national accounts, price statistics, statistics on employment, unemployment and the operations of the labor market and statistics on foreign direct investment; and (v) improving the dissemination of statistics, making more use of web-based dissemination and increasing the support provided to data users.
- x. Under the heading of improving coordination and management, the priorities are to improve the effectiveness of management, to strengthen the coordination of statistical activities and to improve standards. The aim, in particular is to broaden and deepen the management structure by strengthening middle management and by devolving responsibility for results to this level.
- xi. Coordination will focus on reducing duplication in data collection by streamlining the design and management of fieldwork. Where possible, more use will be made of data derived from administrative processes. The aim will also be to reduce the respondent burden on business enterprises by more effective coordination of economic surveys and by making use of techniques such as on-line data capture where possible.
- xii. The focus for renewing the infrastructure includes: improving the coverage and reliability of sampling frames and registers, especially for business surveys; investing in and updating information technology and communications equipment; and strengthening the physical infrastructure, including buildings and equipment especially at the regional level.
- xiii. The people who work for Geostat are its most important resource. The NSDS proposes a limited increase in the number of professional and sub-professional staff as well as a reduction in the gap between the average salaries in Geostat and those for comparable staff in other government agencies. It is recognized, however, that the room for maneuver is limited by budget pressures so the main driver of improvements in performance will have to be making people more productive.
- xiv. The plan proposes action on the two main human resource issues facing Geostat. The first is the problem the agency faces in being able to recruit and retain skilled and experienced professionally qualified staff. The second concern is to ensure that skilled statisticians and economists are being used as efficiently and effectively as possible and to make sure that skills and competencies are upgraded on a regular basis.
- xv. The business plan proposes a number of activities to improve the quality and coverage of statistics in all the areas that Geostat has responsibility for including, national accounts, business statistics, prices, external; statistics, agricultural and environmental statistics, population and demographic statistics and social statistics. In all cases, the plan specifies the objectives and targets to be achieved, the activities that will be carried out and the inputs required.
- xvi. Other action areas include improving the use of statistics, which will involve: having a clear and effective dissemination policy; making the web-site more accessible and user friendly; documenting statistical business processes and improving access to metadata; developing the dialogue with data users; provid-

- ing access to micro-data for research and further analysis; and putting a comprehensive, clear and reasonable pricing policy in place.
- xvii. Improving regional statistics and building the capacity to collect, compile and use statistics at the local level will also be an important part of the strategy. The aim will be to ensure that all eight regional Geostat offices will be able to support data collection and also play an important role in promoting the use of statistics for local planning and decision making.
 - xviii. The NSDS includes a detailed monitoring framework the sets out what is expected to be achieved, how progress will be measured and how information will be made available to stakeholders. At the overall level, progress towards the vision for the Georgian Statistical System will be measured by: (i) overall user satisfaction; (ii) continued compliance with the IMF's SDDS requirements; and (iii) by the World Bank's Statistical Capacity Indicator.
 - xix. Geostat will be responsible for managing the implementation of the NSDS and for monitoring and reporting on progress. It is proposed that a small implementation unit will be set up within the agency, reporting directly to the Executive Director.
 - xx. The overall cost of implementing the NSDS is estimated at 39.7 million Lari over the four year period from 2011 to 2014. This includes the recurrent cost of activities, the cost of investment in capacity and an allowance for contingencies.
 - xxi. The financing plan proposes that 62 per cent of this cost will be met by the budget allocation from the Ministry of Finance, 6 per cent will be financed by existing donor funded projects and technical assistance arrangements and 8 per cent will be met by existing commitments to financing the next population census. This leaves a funding gap of 9.4million Lari, or 24 per cent of the total cost. It is suggested that the funding gap could be met in a number of ways, including: new separate donor funded projects; the provision of basket funding; or by budget support to Geostat.

INTRODUCTION – PREPARATION OF A NATIONAL STRATEGY FOR THE DEVELOPMENT OF STATISTICS (NSDS) IN GEORGIA

The Georgian Statistical System

- 1.1. Georgia is a small, lower-middle income, developing country, geographically located in the Southern Caucasus, bordering on the Black Sea to the West, with Russia to the North and Turkey, Armenia and Azerbaijan to the South and East. The country covers a territory of about 69,700 km² and its population is estimated at around 4.4 million. Since gaining Independence in 1991, following the break-up of the former Soviet Union, Georgia has seen a period of dramatic social, economic and political change. In the four years following the Rose revolution in 2003, the Government undertook significant governance, economic and social reforms, with impressive results and Georgia enjoyed a period of rapid growth. In 2008 and 2009, the country was affected by the conflict with Russia and by the impact of the global financial crisis. Since 2010, growth has resumed, but the medium-term outlook is expected to be characterized by the need to rebalance the economy and to reduce the budget deficit.
- 1.2. Since 1991, the statistical system of Georgia has largely been developed from scratch; before that date statistical activities were organized as part of the Soviet system, serving the needs of a centrally planned economy. Over the past twenty years, the focus has been on establishing a statistical system that meets the needs of a market economy, with recent attention focused on the need to promote the independence of statistics and to serve the development effort.
- 1.3. Between 1997 and 2004 statistical activities in the country were led by the State Department of Statistics of Georgia, under a mandate provided by the Law on Statistics, enacted in 1997. In 2004 the Department was merged with the Ministry of Economic Development of Georgia and this situation was maintained until December 2009.
- 1.4. In December 2009, a new Law of Georgia on Official Statistics was enacted, establishing Geostat – the National Statistical office – as a Legal Entity of Public Law. The new law provides for the development of statistics and for the improvement in the coverage and quality of official data compiled and disseminated by Geostat as well as by other government agencies.

The need for a NSDS in Georgia

- 1.5. Since 2004, as detailed in Chapter 2, substantial progress has been made in improving the capacity and the performance of the national statistical system. In May 2010, Georgia subscribed to the IMF's Special Data Dissemination Standard. At the same time the effectiveness of the statistical system as assessed by the World Bank's Statistical Capacity Indicator has increased significantly. Notwithstanding this impressive performance, there is a very strong case for preparing an NSDS, based on good practice and the PARIS21 guidelines. In particular, the statistical system in general and Geostat especially, face a number

of challenges over the next few years and the preparation of an NSDS provides an opportunity to address these.

- 1.6. At present the whole statistical system is under-funded and Geostat is finding it increasingly difficult to attract and retain the high quality staff it needs if it is to fulfill its mandate. At the same time, Geostat will need to put into effect the various requirements of the Law on Official Statistics, including the need for the Board to approve or recognize as official statistics the statistical data generated by other official bodies, provided that they are produced in line with international standards and recommendations. This requirement, which in effect requires the Board to set standards for official statistics in Georgia and to monitor the extent to which they are observed, provides the framework for the development of the national statistical system. Its implementation, however, requires a process of discussion and consultation with other data producers and this strategy is designed to support this process.
- 1.7. The preparation of the NSDS also presents a number of opportunities to develop and improve statistics, which a more piecemeal approach, focusing on just a few subject areas of statistics, does not. In particular, this document provides for a medium term strategy that looks at the statistical system as a whole, which addresses both institutional and technical issues and which identifies how constraints can be overcome most effectively. It sets out a framework for the development of statistics based on agreed priorities and provides a mechanism for mobilizing resources, both domestically and from development partners. In particular, it is designed to provide the basis for coordinating both technical and financial assistance from aid donors and for ensuring the donor assistance is aligned with national priorities.

How the Strategy was prepared

- 1.8. The NSDS has been prepared with support from a grant provided by the World Bank from the Trust Fund for Statistical Capacity Building. Activities started in June 2010, with an initial assessment mission by two international experts¹. Further technical support was provided by two additional consultants² with missions taking place in January and May 2011. The work was led by the Executive Director of Geostat and his senior colleagues and was overseen by the Geostat Board.
- 1.9. Both the June 2010 and the January 2011 missions involved extensive consultation with the main stakeholders in statistics including Geostat staff, users within Government, civil society organizations and the research community, other data producers, representatives of the donor community with an interest in statistics and some data providers, especially those within the business community. Geostat also organized a national workshop on the NSDS, which took place in Tbilisi on May 25, 2011. This document takes into account the comments received from stakeholders, as well as the feedback from the May workshop.

The scope and contents of the NSDS

- 1.10. As outlined in Chapter 2, the Georgian statistical system includes Geostat as the main agency responsible for large scale data collections and a number of routine data series as well as other Government agencies, including the National Bank of Georgia and the Ministry of Finance, that collect and compile statistics, in most cases as a by-product of their day to day administrative duties. Data users include central and local government, business enterprises and both domestic and international investors, civil society organizations, academic and research agencies, the media, bilateral donors and international organizations. Georgia also has a responsibility to provide statistical data on a wide range of topics to those regional and international organizations of which it is a member.

¹ Willem de Vries and Hermann Habermann.

² Graham Eele and Natalia Kakabadze.

- 1.11. The aim of the NSDS is to provide a framework for the development of the whole of the Georgian statistical system based on the mandate provided by the 2009 Law on Official Statistics. Over time it is intended that a more integrated statistical system will be developed, based on a national data quality framework that takes into account international requirements and recommendations for social, economic and environmental statistics. It is recognized, however, that achieving the vision set out in Chapter 4, will take some time to achieve and there will need to be a process of continued development and improvement.
- 1.12. It has been agreed with the Geostat Board that the timeframe for this first NSDS will be from 2011 to December 2014. Over this four year period, it will be important to be realistic about what can be achieved taking into account the current capacity and the various constraints facing Geostat and other statistical agencies. Given the budget and manpower limitations identified in Chapter 3, as well as the need to consolidate the changes that were brought into effect by the 2009 Law over the period of this NSDS, the focus of attention will be placed on strengthening and developing the capacity of Geostat. The aim is that, in the medium term, it is then better placed to lead the development of a coordinated and integrated national statistical system.

Overview of the document

- 1.13. In addition to this introduction, the NSDS includes six further chapters. The next three chapters set out how the statistical system as a whole is expected develop. Chapter 2 includes an analysis of the current situation and status of statistics in Georgia, an assessment of the main strengths and weaknesses and a discussion of the main opportunities and threats the system will face over the next four years. Chapter 3 provides a review of the environment for statistics, both at present and over the period of the Strategy. It analyses the medium-term economic outlook, how the demand for statistics is expected to change and develop and the main constraints facing statistics over the next four years. Chapter 4 then sets out our long-term vision for statistics and the priorities we have identified for the immediate future to help achieve this.
- 1.14. The final part of the document, including three further chapters, sets out in detail the results we expect to achieve and what we propose to do from 2011 to 2014. This section focuses on Geostat and includes: a detailed business plan in Chapter 5; a summary of how we propose to monitor and report on progress in Chapter 6; and how we will put this plan into effect, including a budget and financing plan in Chapter 7.

THE STARTING POINT – THE SITUATION OF STATISTICS IN GEORGIA IN 2011 THE DEVELOPMENT OF OFFICIAL STATISTICS IN GEORGIA

- 2.1. Although there were some statistical activities in Georgia in the period of independence in the early twentieth century, focusing on land and agriculture, the development of statistics as an important function of government, providing the data needed for development and for accountability, really only began after Independence in 1991. Prior to this date, statistical activities in Georgia were based on Soviet standards and methodologies, they followed directions from Moscow and were designed to meet the needs of a centrally planned economy.
- 2.2. After the collapse of the Soviet Union and the declaration of Independence there was an immediate need to make fundamental changes to statistical methods as well as developing alternative sources of data. In particular, it was important to introduce and develop methods and indicators relevant to the emerging market economy. Statistics were especially needed to guide, monitor and report on institutional changes and reforms in the national economy.
- 2.3. In the first five years after Independence, statistical activities in the country were carried out by the Social and Economic Information Committee established as part of the Supreme Council (Parliament) of Georgia. The Law on Statistics of the Republic of Georgia provided the legal basis for these activities. Between April 1996 and October 1997 a state temporary commission was set up to review statistical activities and to make recommendations on how official statistics should be developed. High officials representing the Ministry of Economics, the State Department of Social and Economic Information, the National Bank of Georgia, the Ministry of Finance and the State Chancellery served on the Commission. Following the report of the commission, in 1997 the Law on Statistics was adopted. In line with the Law, the Department of Statistics was established. In 2004 the State Department of Statistics was merged with the Ministry of Economic Development and from this period until February 2010, the Department was a subordinated body of the Ministry.

The establishment of Geostat

- 2.4. A further change in the organization of statistics took place in December 2009 when the Law of Georgia on Official Statistics was enacted. The aim of the law is to ensure the production of independent, objective and reliable statistics based on internationally recognized basic principles of statistics. In order to achieve this objective, the law established the National Statistics Office of Georgia (Geostat) as a legal entity of public law (LEPL) to take over the responsibilities of the Department of Statistics.
- 2.5. The law establishes that the activities of Geostat must be based on the following principles:
 - **Professional Independence** – ensuring that the production of statistics and their dissemination is independent from the influence of political and/or interest groups;

- **Objectivity** – requiring that official statistics should be produced following professional and ethical standards that ensure transparency and which provide equal access to all users;
 - **Reliability** – requiring that official statistics should be produced correctly, precisely and consistently, making use of scientific criteria in the selection of statistical standards, methodology and resources, and ensuring openness about the methods and procedures used;
 - **Confidentiality of statistical data** – ensuring that statistical information about individual observation units, collected from administrative or any other sources, remains confidential and is only used for statistical purposes;
 - **Efficiency** – recognizing that the costs of statistical activities will largely be financed from government revenue, this principle ensures that the expenses incurred in producing official statistics should be commensurate with the significance of the results and the benefits derived.
- 2.6. The functions of Geostat are defined by the Law as follows.
- To develop and implement a unified policy for official statistics in Georgia and to secure cooperation with territorial units and other governmental bodies producing statistics;
 - To develop and implement a statistical work program, including:
 - o Conduct statistical surveys;
 - o Process administrative data for statistical purposes;
 - o Produce and publicize an advance release calendar for the dissemination of statistical data;
 - o Disseminate statistical data in line with the advance release calendar and ensure equal access to statistical data by all users;
 - o Develop and put into effect statistical methods and standards in line with international recommendations;
 - o Conduct a census of the population;
 - o Produce an annual progress report;
 - o Establish statistical territorial units and define their scope of work
- 2.7. Geostat is governed by a Board consisting of seven members and a Chairman, who are all appointed by the President. Three members of the Board represent government agencies – the National Bank of Georgia, the Ministry of Finance and the Ministry of Economy and Sustainable Development – the other five members are, by law, required not to be public servants. The appointment of these five non-officio members was reviewed and recommended by Parliament. The law also stipulates that one member of the Board shall be elected by the members as the Executive Director of Geostat. This person also acts as the Chairman of the Board. All members of the Board are appointed for a single period of service of four years and may not be reappointed. Since the Board were all appointed and took up their positions in February 2010, their term of office will come to an end in February 2014.

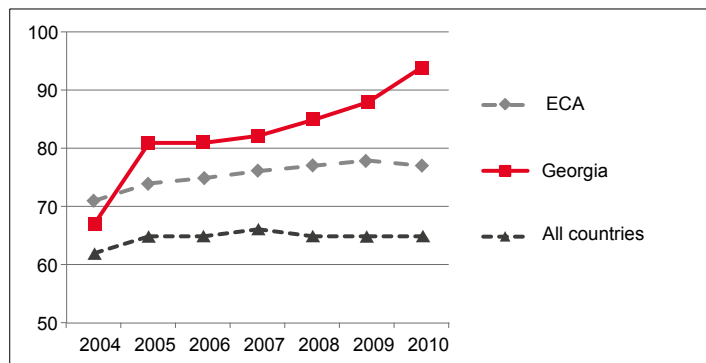
Good progress has been made

- 2.8. One independent measure of statistical capacity, which has been available annually since 2004, is the World Bank's statistical capacity indicator³. The overall capacity score for Georgia, compiled by the World Bank has increased from a value of 67 (out of a maximum score of 100) in 2004 to reach 94 in 2010. While the indicator has some limitations, in that it is only based on published information and does not include any feedback from users, it does provide a useful overview of statistical capacity in developing countries. It is based on a diagnostic framework consisting of three assessment areas: methodology; data sources; and the periodicity and timeliness of published statistics compared with international standards and recommendations. A composite score for each assessment area and an overall score combining all three areas are derived for each country on a scale of 0-100. A score of 100 indicates that the country meets all the criteria.

³ For more information see: <http://go.worldbank.org/1D3D45EV11>

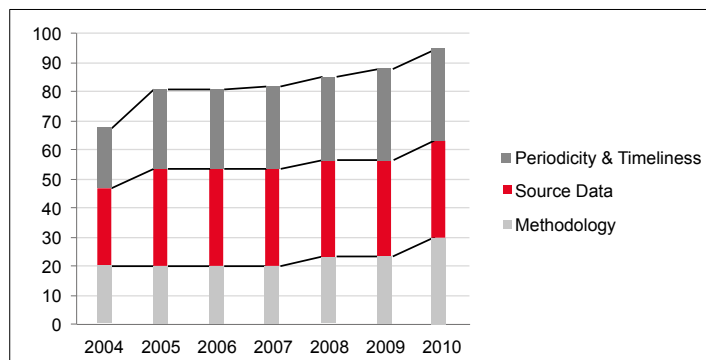
2.9. As shown in Figure 2.1, the overall statistical capacity score for Georgia has increased by more than 40% in six years; this is a faster rate of improvement than for all developing countries in the World Bank’s Europe and Central Asia (ECA) Region and for the average of all developing countries world-wide. Over the last six years, Georgia has shown one of the fastest rates of growth in statistical capacity of all developing countries.

Figure 2.1 Trends in overall statistical capacity



2.10. This increase in statistical capacity has been driven by improvements in all three assessment areas, although in the last five year most of the increase has come from the methodology score, especially in economic statistics and from improvements in periodicity and timeliness (Figure 2.2). The improvement in methodology, especially for macro-economic and financial statistics, has been demonstrated by the fact that Georgia reached the IMF’s Special Data Dissemination Standard (SDDS) in May 2010. Subscribing to the SDDS is an important achievement and one that has not yet been achieved by many other countries at Georgia’s level of development. Notwithstanding that Georgia takes advantage of exceptions in both timeliness and periodicity for the production index and labor market statistics on employment and unemployment, the formal monitoring of statistical standards imposed by subscription to the SDDS provides important guarantees of quality to the users of economic and financial statistics.

Figure 2.2 Trends in the components of statistical capacity in Georgia



Strengths and weaknesses of the Georgian statistical system

- 2.11. Although no formal quantitative assessment of user needs or of overall satisfaction with official statistics in Georgia has been carried out, there is considerable anecdotal evidence from a number of recent reviews that users have identified improvements in both the coverage and quality of official statistics in recent years. While there are still a number of problems to overcome, many users have found that both the reliability, the frequency and the periodicity of key statistics has improved.
- 2.12. Table 2.1 provides an overview of the main elements of some recent assessments of the Georgian statistical system, structured on the IMF's Data Quality Assessment Framework (DQAF). The fifth column in the table highlights the main issues that are addressed by the strategy. The assessments of the Georgian statistical system include the following.
- A report by Statistics Sweden from a project identification mission carried out in November 2010.
 - The report by Willem de Vries and Hermann Habermann prepared in June 2010 to support the preparation of this strategy.
 - The Country Report completed as part of the framework of cooperation between Geostat and Eurostat.
- 2.13. In summary, the assessments have found a number of strengths within the statistical system. There have been clear improvements in the quality and coverage of economic and financial statistics and subscribing to the SDDS in 2010 is an important achievement that demonstrates a commitment to meeting standards. Other strengths include the establishment of Geostat as an independent statistical agency and the commitment to maintaining trust in the integrity of official statistics. At the same time, Georgia has also been able to obtain financial and technical assistance from donors and it is expected that this level of support will continue at least for the medium term. A strong leadership structure is in place and there is both a willingness to change and a mechanism in place to set a clear strategic direction.
- 2.14. Weaknesses, on the other hand, reflect limited resources, especially the level of the recurrent budget, inadequate numbers of professional staff and uncertainties over the financing of the next population census. These problems are not much different from many other countries at a similar level of development. The emphasis of the strategy, therefore, is on identifying the constraints, being realistic about how they can be addressed and being focused on what the priorities are. Key areas of concern include: weak infrastructure; inefficient vertical management; inefficient local offices; and the lack of statistics at the local level.

Threats and opportunities

- 2.15. The establishment of Geostat as an independent agency with a strong mandate represents an important milestone in the development of statistics in the country and provides a strong basis for future development. It demonstrates the commitment of the Government to the development of a statistical system that operates in a manner that is consistent with the UN Fundamental Principles of Official Statistics⁴ and the European Statistics Code of Practice⁵. While it may well take a number of years for Georgia to reach the standard of statistical operation in the advanced countries in Europe, the basis for development is in place. According to the Law on Official Statistics the annual state statistical program is adopted each year by Presidential decree. The program refers to the entire statistical system and determines data sources and data collection and the dissemination of official statistics.
- 2.16. Other opportunities are presented by the general recognition within Government of the importance of statistics, not only in providing the quantitative evidence needed to support policy making, the allocation of resources and evaluating the effects and impacts of policy actions, but also as an accountability

⁴ For more information see: <http://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx>

⁵ For more information see: <http://epp.eurostat.ec.europa.eu/portal/page/portal/quality/introduction>

mechanism and in supporting the development of private sector economic activity, including foreign direct investment. The indications are that senior policy makers recognize the importance of an efficient and effective statistical system as a crucial component of making markets work better and of promoting investment and economic growth.

- 2.17. The main threat to statistical development, in the medium term relates mainly to the economic outlook and the impact that the Government's program of fiscal adjustment will have on expenditure levels and the potential for real increases in the budget allocations for Geostat and for other statistical activities. As outlined in more detail in Chapter 3, even though economic activity is beginning to pick up, the recovery remains fragile and, in common with other small open economies, Georgia remains vulnerable to external shocks. The Government is committed to a program of reducing the budget deficit and this implies continuing adjustments to recurrent expenditure for the next two or three years. In this situation it will be necessary to continue to make the case for real increases in the budget allocation for statistics and to demonstrate that Geostat and other agencies are taking all possible actions to improve efficiency and cost-effectiveness.
- 2.18. Other threats concern the need to develop a broad constituency for statistics among a wide group of users and the need to promote trust in Geostat's products. The need for statistics to support economic and social development in Georgia is clear, but more work is needed to establish Geostat as the trusted provider of official statistics. As the demand for information expands it is inevitable that other providers will emerge to meet this need. As Geostat meets some competition, it will need to develop its brand carefully. While there are a number of experienced users of statistics, within Government and the research community, elsewhere there is a broader group, including the media, civil society organizations and other groups, who do not have much experience or expertise in the use of statistics. These users will need help and support if they are to be able to access and use statistics effectively.
- 2.19. In the medium term, therefore, Geostat will need to develop a communication and dissemination strategy that provides statistics in a useable and useful form and which establishes it as a trusted provider of information. This will require the development of new skills that focus on the analysis, interpretation and presentation of statistical information as much as on data collection and processing. This strategy will need to understand and take advantage of new technology and to develop partnerships with other agencies.

Support from donors for statistics and the development of capacity

- 2.20. Georgia has been receiving a substantial amount of both financial and technical support to improve statistics over the past few years. Table 2.2 sets out the most recent support received by Geostat and plans for 2011. All the main providers of support and assistance have been involved in the preparation of the NSDS and are committed to coordinating their inputs within its framework.

Table 2.1: Assessment of the Strengths and Weaknesses of the Georgian Statistical System

	Statistics Sweden Report	De Vries and Habermann Report	Country Report	Comments and issues
Pre-requisites of quality				
Legal environment	Law provides a good mandate for statistical activities	Recognized mandate for Geostat Board in place	New law is in line with Eurostat and UNECE recommendations	Need to ensure that stakeholders know about and understand the law
Resources	Geostat is under-staffed Adequate training for staff, but need to develop new competencies	Receiving international support, but some dependency on donors for some activities Geostat systematically under-funded Shortage of some specific skills Need to upgrade the IT infrastructure	Issue of budget autonomy and level and increase of budget Approved budget may not always be released Long-term IT strategy developed EC (TACIS) support to upgrade hardware and software Some concern over the allocation of resources between the center and regions/ districts	Need to upgrade IT resources in line with the strategy Need to ensure that skills and competencies are aligned with priorities Need to ensure that the allocation of resources matches agreed priorities
Relevance	No overall assessment made	Priorities set by donors, especially for survey program Interaction with users is limited	Intensive and genuine cooperation with users	Need for agreement on data priorities for the next four years
Quality management	Methodology division is under staffed and lacks resources	Interaction with users is limited	Intensive and genuine cooperation with users	Users have identified some improvements in data quality Need to strengthen the interaction of users with Geostat
Integrity of statistics				
Professionalism	No major issues identified	Limited tradition and culture of independence of statistics	No major issues identified	Possible need for a professional advisory body
Transparency	Need to update methods and to document methods and procedures for key statistics	Lack of continuity of leadership Limited availability of metadata generally	All users receive statistical data simultaneously Last user survey carried out in 2007	Need to monitor user satisfaction regularly Need for more systematic documentation of methods and procedures

	Statistics Sweden Report	De Vries and Habermann Report	Country Report	Comments and issues
Ethical standards	No major issues identified	No major issues identified	No major issues identified	A formal statement of ethical standards may be useful
Methodology				
Concepts and definitions	In line with international recommendations but need for updating in some areas	Need to adapt international recommendations to the local situation	Generally in line with recommendations and EU practices	Need for updating in some areas
Scope	Problem of coverage of the non-observed economy	No major issues identified	Problem of coverage of the non-observed economy	To be addressed by the Swedish project
Classifications used	In line with international recommendations but need for updating in some areas	Need to adapt international classifications to the local situation	Classification largely based on EU and international recommendations	Need for updating in some areas, will be addressed by the Swedish project
Basis for recording	No major issues identified	No major issues identified	No major issues identified	
Accuracy and reliability				
Source data	No requirement to complete Geostat surveys, which may be a problem in the future	Question over the proposed 2013 population census	Issue of data on the non-observed economy	There is a need to increase access to source data and promote collaboration with other agencies
Assessment of source data	Some specific issues identified	No major issues identified	No major issues identified	There is a need to increase access to source data and promote collaboration with other agencies
Statistical techniques	Need for improved skills in sampling, seasonal adjustment and other techniques	No major issues identified	No major issues identified	To be addressed by the Swedish project
Data validation	No major issues identified	No major issues identified	No major issues identified	
Revision studies	No major issues identified	No major issues identified	No major issues identified	

	Statistics Sweden Report	De Vries and Habermann Report	Country Report	Comments and issues
Serviceability				
Periodicity and timeliness	Some specific issues identified	No major issues identified	No major issues identified	May need feedback from users of socio-demographic statistics
Consistency	Some specific issues identified	No major issues identified	No major issues identified	Need to ensure consistency between statistics from different providers
Revision	No major issues identified	Limited discussion on update of CPI	No major issues identified	Need for a formal policy and statement on revisions
Accessibility				
Data	Need for a policy on commissioned statistics	No major issues identified	Geostat has had a web-site since 2002, redesigned in 2006 Advance release calendar published Need for a clear marketing strategy	Ensure that policy and practice are in line with the new law Need for further analysis and in-depth studies in partnership with other agencies Need to improve access to and use of micro-data with processes in place to protect confidentiality
Metadata	Need for better documentation	Limited documentation of methods and procedures	No major issues identified	Need to ensure better access to and knowledge of metadata by users

Table 2.2: Donor support to Geostat in 2010 and 2011

Donor/Agency	Type of Support	Estimated Value or Cost	Details
World Bank	Technical and financial assistance	US\$ 280 000	Trust fund to support the preparation of the national Strategy for the Development of Statistics in Georgia
Millennium Challenge Program	Technical and financial assistance	US\$ 2 million during 2008-2011, including an additional amount of US\$ 239 000	Support participation of Georgia in the 2011 round of the International Comparison Program Provision of hardware and software Support for the integrated household survey
Swedish International Development Assistance	Technical and financial assistance	US\$ 2.3 million	Long-term advisor – project management Short-term technical assistance in statistical methods, national accounts and price statistics with further support in other areas as needed (45 missions) Study tours
Netherlands	Technical and financial assistance	€ 200 000 (proposed)	Proposed project expected to support the development of information technology and the integrated household survey
International Migration Organization	Technical assistance	–	Provision of advice on the development of migration statistics
USAID and World Learning	Provision of equipment	–	Provision of hand-held computers for the collection of price statistics
European Union	Technical assistance and training	–	Provision of expert advice on national accounts, business statistics and trade statistics Support for agricultural statistics through FAO
UNDP	Technical assistance	–	Study tours Advice on the integrated household survey
UNFPA	Technical assistance	–	Support for the use of GIS for census planning Advice on census preparation
US Department of Agriculture	Provision of equipment and technical assistance	–	Support for agricultural statistics
IMF	Training and technical assistance	–	Support for subscription to SDDS in macroeconomic and financial statistics

THE ENVIRONMENT WE OPERATE IN

- 3.1. In order to develop a realistic and coherent strategy for the development of statistics in Georgia it is important to understand the environment we operate in and the constraints that will affect what we can do over the medium term. The Georgian statistical system has to meet the needs of users, but it also has to take into account the availability of resources. The operation of the statistical system is and will continue to be, largely funded by general government revenue, although there may be some limited opportunities to raise revenue from some activities. We also expect that our development partners who have supported statistics in the past will continue to do so, provided that there is a clear strategic direction from government on how statistics will develop.
- 3.2. The demand for statistics will be determined by a number of factors, including the economic strategy of the government, the need for Georgia to meet its regional and international obligations to report statistical data on different topics and the demands of delivering basic services, improving the welfare of all citizens and sustaining our environmental resources. At the same time, the extent to which we will be able to expand activities and take on new challenges will be limited by the availability of financial resources, especially the capacity of the recurrent and capital budgets, by our ability to attract and retain high quality, well trained and educated staff and the extent to which we can improve the efficiency and cost effectiveness of our operations.
- 3.3. In this chapter of the strategy, therefore, we look at different aspects of the environment we operate in and identify the constraints we face. The chapter covers the outlook for the economy, the development priorities of the government, the support we receive from our development partners and how we anticipate that the demand for statistics will change.

The economic outlook for Georgia

- 3.4. Georgia is a small open economy, strategically located in a volatile region, but with limited natural and mineral resources. Like many of the post-Soviet countries it went through a period of decline in the nineties, characterized by high inflation and large budget deficits. Following the Rose Revolution in 2003, Georgia has put into effect a series of deep economic, social and governance reforms. These include impressive progress in reforming the role of the state vis-à-vis the private sector, dramatically reducing corruption, and strengthening the business environment - Georgia moved from #112 in the 2006 Doing Business global ranking to #15 in 2009 (World Bank 2010).
- 3.5. Based on this reform path, the economy grew rapidly with an average growth rate of over 9 per cent per year from 2004 through July 2008. The Government's development strategy focused on building a dynamic private sector as the main source of investment, growth and employment supported by a small and effective public sector, and the elimination of corruption. Foreign direct investment inflows rose from an average of \$250 million per year in 2000-2004 to about \$1.7 billion in 2007, contributing to the restructuring of the economy and stimulating high growth rates.

- 3.6. The August 2008 conflict, however, exacerbated by the impact of the global financial crisis, led to a number of severe shocks to the economy. While the conflict resulted in tangible direct infrastructure costs, the biggest damage was a result of the heightened perception of risk and weakening of investor confidence. New credit came to a halt and foreign lending and FDI, which had been the engines of Georgia's growth, were put in jeopardy. Public finances came under stress due to the combination of falling revenues and increased unanticipated expenditures related to the need to repair damaged infrastructure and the sharp increase in demands on the social safety net.
- 3.7. Real economic activity in 2010 and 2011 is picking up, although the recovery remains fragile (see Table 3.1). The macroeconomic framework has been supported by a \$1.15 billion IMF Standby Arrangement (SBA) approved in September 2008 to bolster investor confidence and support international reserves. Gross international reserves improved from 2.4 months of imports (\$1.48 billion) in 2008 to 4.5 months of imports (\$2.20 billion) in 2010. The economy rebounded strongly by an estimated 6.4 per cent in 2010. The recovery has been led by a strong rebound in several sectors, including manufacturing, construction, and services including transport, wholesale and retail trade, and hotels and restaurants. Exports, tourism, bank lending and public investment demonstrated notable growth. The overall fiscal deficit declined by almost 3 per cent in 2010.

Table 3.1: Selected Economic Indicators, 2006-2010

	2006	2007	2008	2009	2010
	<i>Actual</i>				<i>Prelim.</i>
Output and Prices					
GNI per capita (US\$, atlas method)	1 680	2 090	2 460	2 540	2 700
Unemployment rate (%)	13.6	13.3	16.5	16.9	16.3
CPI	8.8	11.0	5.5	3.0	11.2
GDP Growth Rate (%)	9.4	12.3	2.3	-3.8	6.4
Gross national savings	15.7	12.6	4.3	3.8	7.1
Investment as % of GDP	30.9	32.2	27.0	15.0	17.1
Public Finance	<i>Percentage of GDP except where stated</i>				
Revenues and grants	27.9	29.3	30.7	29.3	28.5
Tax revenues	19.2	21.6	24.9	24.4	23.4
Expenditure and net lending	29.8	34.0	37.0	38.4	35.2
Current	22.2	25.0	28.5	30.1	26.3
Capital and net lending	7.6	9.0	8.6	8.4	8.9
Overall fiscal balance	2.7	0.3	-2.0	-6.5	-4.5
External Sector					
External current account balance	-15.1	-19.8	-22.8	-11.2	-9.6
Exports of goods and services	32.9	31.3	28.8	29.8	34.8
Imports of goods and services	56.9	58.2	58.6	48.9	52.3
FDI inflows (US\$ million)	1 190	2 015	1 564	658	815
International reserves (US\$ million)	931	1 361	1 480	2 110	2 264
External public debt	21.9	17.6	21.0	31.4	33.8

- 3.8. In April 2011, Georgia received a strong vote of confidence from international capital markets by successfully refinancing its Eurobond. Georgia issued a new 10-year, \$500 million Eurobond at a 6.875 per cent coupon rate and 7.125 per cent yield in April 2011, with the offer more than 5 times oversubscribed (an order book of \$2.66 billion). The issuance was combined with a concurrent exchange of \$417 million (83 per cent) of Georgia's prior \$500 million Eurobond. As a result, Georgia has successfully refinanced the small part of its external public debt that is non-concessional and smoothed out its debt repayment profile.
- 3.9. Notwithstanding the progress achieved, FDI inflows have remained weak at 4.7 per cent of GDP in 2010, down from 12 percent in 2008. This suggests that the underlying drivers of growth are evolving in the post-crisis period, with a greater role for domestic private investment and the tradable sector. Savings and investment rates have recovered only modestly in 2010. Inflation picked up to 14 per cent (year-on-year) in March 2011 from 3 per cent in 2009 that has been driven primarily by higher international food and oil prices.
- 3.10. Overall the economic risks remain significant. The country remains vulnerable to re-newed regional conflict, enhanced domestic political tensions, a prolonged global economic crisis and natural disasters. Rising food and utility prices also risk raising social tensions. At the same time, though, the ongoing recovery in global demand is helping Georgia recover. Even though FDI and other private capital inflows remain scarce, Georgia was still able to attract FDI of 7 per cent of GDP in 2010. While the downside risks to a sustained and robust economic recovery are obviously significant, recent trends provide for some optimism. The ongoing IMF financial program is on track and the foreign exchange position is healthier than in recent times. Domestic investor confidence may also be returning as banks ease credit constraints.
- 3.11. The economic outlook has a number of important implications for the Georgian statistical system. In the first place, there is a continuing need for statistics to monitor the performance of the economy as a whole and of key sectors. There is also a need for capacity to respond to short-term demands for data on shocks and their impact on the economy and on vulnerable groups. The open nature of the economy means that there is a need to monitor events in the region and the global economy more widely and to ensure that Georgian economic statistics are compiled in line with international recommendations and standards. Second, the continued fiscal adjustment means that the room to expand the budget for statistical activities is very limited and the case for an increase in either the recurrent or the capital budget needs to be very strong. Third, statistics must continue to play its part in reducing the bureaucratic burden on the private sector, by taking steps to limit the need to collect data from businesses and by ensuring the reporting burden from all areas of government is kept to a minimum.

The current and expected demand for statistics

- 3.12. The Georgian Government is the main user of the statistical data produced by Geostat and by other data producing agencies. The Government, including both national and local agencies, needs statistics to provide the evidence for decision making. Examples of the way the governments may use statistics include (Scott, 2005):
- To identify emerging issues and to develop a response;
 - To inform the design of policies and programs and to support policy choice;
 - To forecast the future or at least to assess the likely impact of decisions;
 - To monitor the implementation of policy and the delivery of services; and
 - To assess and evaluate the impact of different policies and programs

Box 3.1 Policy Objectives of Basic Data and Directions 2011 to 2014

Job creation has been identified as the main goal of economic and social policy for the period 2011 to 2014. In order to create new jobs the government aims to achieve sustainable economic growth, improve the infrastructure, deliver high standard and affordable education and create a business friendly environment. Stable economic growth and the business friendly environment should be reflected in macroeconomic indicators and by the international rating agencies. The budget deficit and share of budget expenditures to GDP will be decreased gradually. It is intended to ensure that price inflation is less than 10 per cent.

In order to attract foreign capital Georgia needs to develop existing and create new competitive advantages included developing its role as a transport hub within the Europe-Caucasus-Asia transport corridor. The Government will also promote Georgian exports and export related sectors and protect free trade.

The Government will continue to provide support to vulnerable social groups and increase the affordability of health care services for everyone. As the level and quality of health services improves, the quality of life of vulnerable groups will increase. Actions will also be taken to improve the management of pensions.

The Government will continue to develop electricity, roads and the water supply infrastructure. New electricity generating capacity will be installed and the export potential increased.

In order to attract investments in regions and rural areas the government will develop regional roads, improve infrastructure and support the diversification of agriculture. The government will also continue to revitalize towns and recreation centers in order to increase the potential for business and tourism and improve the quality of life.

Agriculture sector development will aim to increase agricultural exports. The objective is to increase the volume and value of exports, to reduce the costs of and to promote the use of new technologies.

The Government will take measures to monitor internal migration of people so that it can plan for and deliver more effective services and support.

- 3.13 The main policy directions for the period from 2011 to 2014 are set out in the Government’s medium-term framework – Basic Data and Directions (see Box 3.1). While the framework does not identify specific indicators, it does provide an outline of the main data needs. Data are needed to monitor economic activity, to measure job creation, to measure investment in infrastructure and to provide information on the performance of agriculture. At the same time there is also a need to monitor the well being of the population as a whole and of vulnerable groups. The need for better regional statistics is highlighted as is the need to monitor the movements of people within the country.
- 3.14. There are many other users of official statistics in Georgia and the number and type of users is likely to increase as the credibility of the Geostat “brand” is developed and improved. In an evolving, modern, open and democratic country, official statistics have an important role to play in supporting the efficient operation of markets, in providing a mechanism for monitoring the development of the country and in promoting accountability and transparency. Important and emerging users of statistics in Georgia, therefore, are expected to include the following groups.
- Potential investors from outside Georgia, who are interested in identifying investment opportunities and in assessing markets for goods and services.
 - International investors active in capital markets who wish to assess economic conditions and the risks associated with government and private sector debt.
 - Local entrepreneurs and business people who are interested in identifying opportunities for investment and job creation.
 - Researchers and academics who are concerned with analyzing economic, social and environmental issues.
 - Civil society organizations, trades unions, employer’s organizations and other lobby groups.
 - Media organizations and businesses, who are concerned to report on development issues and to make information more widely available.
 - International organizations and aid donors who are concerned with identifying needs, designing programs and projects, monitoring results and evaluating impacts.
 - Citizens of Georgia, who are interested in national development generally and who need statistical information to help make decisions about how to cast their votes.
- 3.15. As the NSDS is implemented, Geostat and other statistical agencies will need to gain a better and deeper understanding of the different groups of data users and their needs. While some users already have a good knowledge of different kinds of statistics and how they can be used, others are fairly new and are likely to need support and help in order to understand what different statistics represent and how they can be interpreted. An important objective of the strategy will be to develop new statistical products and services that make use of new technology and which are targeted at different types of user.

The constraints we face

- 3.16. It is important that any plans for the development of statistics In Georgia are realistic and take into account the various constraints that will affect the statistical system over the medium term. The assessment of the current situation in Chapter 2 identifies a number of current problems. In this section we set out how we expect these constraints to evolve over the period of the NSDS and how we expect to address them.
- 3.17. Chapter 2 identified three main concerns. First is the low level of the recurrent budget for Geostat that limits activities. The second concern is about the inadequate number of professionally qualified statisticians and other staff and the extent to which Geostat is able to attract and retain highly skilled people. The third concern focuses on the issue of trust in statistics and in the need to establish the Geostat brand as one that indicates reliability and independence.

- 3.18. In the medium term, the potential for a substantial increase in the budget for Geostat and other statistical agencies is limited. The detailed proposals to address this problem are set out in the business plan in Chapter 5 and priorities are identified in Chapter 4. Here we set out the main strategies that we propose in order to address the financial constraint. These are as follows.
- First, we will focus on priority actions where these are seen as meeting important data needs and where small increases in expenditure are expected to have substantial returns in terms of better results.
 - Second, we will aim to reduce costs and increase efficiency. This will involve a number of actions, including: better coordination of field work; making more use of data derived as a by-product of administrative processes; investing in more effective hardware and software; and by training staff to ensure that they can be used effectively.
 - Third, we will look to our development partners, both to help finance some of the investment we need in people and in equipment and to meet some of our recurrent costs in the short to medium term. The financing plan set out in Chapter 6 identifies the financing gap and proposes a mechanism where donors will help to meet this gap initially, but where the costs of running the statistical system will revert fully to the national budget from 2015 onwards.
- 3.19. The lack of professional staff affects the capacity of Geostat to carry out its mandate and an important part of the strategy is concerned with addressing this problem. Over the period of the plan and beyond the aim will be to ensure that Geostat salaries and working conditions are comparable with similar agencies in Georgia. The budget constraint means that over the next three or four years the potential for increasing salary levels and the number of staff is limited. The business plan in Chapter 5 proposes a limited increase in staff numbers and the budget plan includes a small improvement in relative real salaries. If statistical activities are to be sustained, however, it will be essential to ensure that Geostat and other agencies are able to attract and retain high quality recruits. Other medium term strategies designed to address the manpower constraint are expected to include the following.
- Providing a welcoming and supportive working environment for all staff and ensuring that everyone is able to get access to continuing training and professional development.
 - Ensuring that there is a clear career path for all staff, with a well-defined process for people to get promotion on merit.
 - Making effective use of staff and ensuring that the scarcest skills and competencies are used as efficiently as possible.
- 3.20. The need to develop and maintain trust in the integrity and reliability of official statistics is a concern for all statistical agencies. Trust in the published statistics is a difficult thing to develop, taking some time to build up, but susceptible to rapid falls when problems arise. The strategies that Geostat and other producers of official statistics will adopt to build trust will include the following.
- Ensuring regular interaction and an exchange of views between data users and producers.
 - Ensuring that all producers of official statistics are open and transparent about the methods and procedures they use and are ready to discuss concerns and make changes as and when problems are identified.
 - Ensuring that there are clear procedures and processes in place to protect the confidentiality of individual responses to statistical enquiries.
 - Measuring the level of trust and satisfaction among users and taking action when concerns are identified.
 - Putting in place a clear and transparent process for dealing with technical complaints and concerns.
 - Being open and accountable for the public resources that are being used to support the statistical system and making sure that all resources are used as effectively and efficiently as possible.

OUR VISION AND OUR PRIORITIES

- 4.1. In this chapter of the NSDS we set out what the long-term objectives of the Georgian statistical system are, what we want to achieve and the priorities we propose to focus on over the period of the strategy, that is, from 2011 to 2014.

The vision for the Georgian Statistical System

- 4.2. Our vision for the national statistical system in Georgia is to put in place the institutions, the processes and the infrastructure that:
- Provide the statistical evidence needed by Government and other users to support the economic, social and environmental development of the country;
 - Meet our obligations to report statistical data to regional and international agencies; and
 - Use scarce national resources effectively and efficiently.
- 4.3. We aim to operate in a way that is in line with international recommendations and good practice, that is open and transparent and which promotes trust in all users that the statistics we produce are reliable, objective and free from any political interference. At the same time we aim to provide a safe and attractive and working environment for all our staff and to ensure that Geostat and all the other statistical agencies in the country are learning organizations able to respond to new challenges and new demands.
- 4.4. This is a long-term vision and one which provides for continuous development and improvement. We expect to measure and monitor how well we are doing by periodically comparing our performance with other countries with similar resources and at similar levels of development – benchmarking – and by getting regular feedback from our users. In particular we commit all the components of the Georgian statistical system to being open and accountable agencies, providing information about what we do and how we use the resources at our disposal. We also aim to make effective use of new technology to promote the wider use of statistics in the cause of national development.

Our mission – what we want to achieve

- 4.5. Our mission is set by the 2009 Law of Georgia on Official Statistics. It states that our mission is to produce “independent, objective and reliable statistics about all aspects of life and development in Georgia based on internationally recognized principles of statistics”. The challenge is to do this while dealing with the constraints identified in Chapter 3.

Putting our vision and mission into effect – our medium term priorities

- 4.6. In order to fulfill our mission and to achieve our vision, Geostat and all our partner agencies in the Georgian statistical system will need to agree on priorities. We cannot do everything and we cannot, at least in the short to medium term, meet all the demands for statistical data that might arise. Overall our objec-

tive is to deliver better results, that is, better statistical data in forms that promote their use for decision making and planning at all levels. Because resources are scarce, we cannot simply expand our activities, there are clear limits on our budget, on our capacity to hire staff and on the demands we can place on respondents.

- 4.7. We propose to set priorities in four main areas: (i) improving and expanding our statistical business processes; (iii) renewing, developing and maintaining our infrastructure; (ii) improving leadership, coordination and management; and (iv) investing in our staff.

Improving statistical business processes

- 4.8. Geostat will make use of the Generic Statistical Business Process Model (GSBPM⁶), developed by the UN Economic Commission for Europe, Statistical Division, in collaboration with OECD and Eurostat. This model provides a framework for documenting, reviewing and improving the ways in which we collect, compile, process, disseminate, document and archive statistical information. The use of GSBPM, adapted for use in Georgia where needed, will provide a means of looking at all existing statistical processes, identifying where changes are needed and where improvements can be made, putting in place mechanisms for developing new approaches, testing these in practice and then putting them into effect. The framework also provides a basis for documenting what is done and for preparing metadata as well as standards for use throughout the statistical system. More detail on how this will be done in detail is provided in the business plan set out in Chapter 5.
- 4.9. Based on consultations with users and our own assessment of needs, the key priorities for the development of statistical processes over the period of the strategy are expected to be as follows.
- To design and conduct a new population census, to provide an accurate count of the population, to provide base line data for planning in a large number of areas, to provide the basis for developing regional statistics and to provide a sampling frame for household surveys.
 - In conjunction with the population census, following the recommendations of FAO, to design and carry out an agricultural census. This will provide an accurate and detailed picture of the structure of the agricultural sector and base line data for planning in a large number of areas. It will contribute to the baseline for regional statistics and it will provide a sampling frame for future agricultural surveys.
 - To design and carry out an economic census, to provide a detailed picture of the structure of manufacturing, services and other sectors, to provide the basis for updating and developing the business register and to contribute towards the development of regional statistics.
- 4.10. In other areas of statistics, the aim will be to improve the coverage and quality of key data series, including, the national accounts, price statistics, statistics on employment, unemployment and the operations of the labor market and statistics on foreign direct investment.
- 4.11. In the NSDS attention will also be given to improving the dissemination of statistics, making more use of web-based dissemination and by reducing the delays between data collection and dissemination. We will also improve the support we provide to users of our data.

Strengthening management and coordination of the statistical system

- 4.12. The main priorities under this heading are to improve the effectiveness of management, to strengthen coordination of statistical activities and to improve standards. The aim, in particular is to broaden and deepen the management structure by strengthening middle management and by devolving responsibil-

⁶ For more information see: <http://www1.unece.org/stat/platform/display/metis/The+Generic+Statistical+Business+Process+Model>

ity for results to this level.

- 4.13. Coordination will focus on reducing duplication in data collection by streamlining the design and management of fieldwork. Where possible, more use will be made of data derived from administrative processes. The aim will also be to reduce the respondent burden on business enterprises by more effective coordination of economic surveys and by making use of techniques such as on-line data capture where possible.

Building the infrastructure

- 4.14. The main priorities here include:

- Improving the coverage and reliability of sampling frames and registers, especially for business surveys.
- Investing and updating information technology and communications equipment to ensure that Geostat is able to take advantage of the opportunities made available by technological advances in data handling, processing and dissemination
- Strengthening infrastructure, including buildings and equipment where necessary at the regional level

Human resource development

- 4.15. Investing in people who carry out the different tasks involved in collecting and compiling statistics will be a key part of the strategy. Key priorities will include the following:

- Setting standards in terms of the education and other qualifications needed for work at different levels in Geostat
- Carrying out a detailed audit of the skills, expertise and educational qualifications of all staff
- Identifying the gaps between the desired level of qualifications and what is actually in place and preparing a training plan to eliminate these over the period of the strategy
- Setting up an annual process to identify training needs, linked to the staff appraisal process and then using this information to prepare a detailed annual training plan
- Ensuring that all staff have a minimum level of training each year
- Following up on training through the annual appraisal process to ensure that new skills and competencies are being applied and used
- Providing training in human resource management to all managers

THE GEOSTAT BUSINESS PLAN 2011 TO 2014

Overview

5.1. The first strategic priority of the Georgian statistical system is to provide more and better statistics to meet the needs of Government and other users so as to support more effective policies and decision making. This section of the national strategy sets out a business plan for the National Statistics Office of Georgia covering the period from June 2011 to December 2014. It identifies what activities Geostat proposes to carry out over this period, the outputs that are expected to be generated and the resource requirements. The chapter covers activities and outputs in five main areas: improving the quality and coverage of the statistics published by Geostat; supporting and increasing the use of statistics; developing our human resources; improving the coordination and management both of Geostat, but also of the Georgian statistical system more widely; and investing in the infrastructure we need to do our jobs effectively and efficiently.

Improving the quality and coverage of Geostat's statistics

National accounts

- 5.2. Georgia subscribed to the IMF's Special Data Dissemination Standard in 2010 and an important objective of the business plan will be to ensure that the compilation of the national accounts for Georgia continues to meet the requirements of the SDDS. At the same time, Geostat will also aim to achieve the following objectives by 2014:
- Gradually align the compilation of the national accounts with the 2008 System of National Accounts
 - Compile the capital account in current prices in line with the SNA 2008
 - Improve the data coverage of the unobserved sectors of the economy and improve the reliability of the estimates of Gross Domestic Product
 - Calculate GDP in constant prices using the expenditure approach
 - Generate balance sheets for separate institutional sectors, including the government sector, households and private, non-commercial organizations serving households; non-financial corporations, and financial corporations
 - Generate supply and use tables in constant prices
 - In conjunction with the Business Statistics Department and other compilers of source data, work to improve the coverage, timeliness and reliability of the source data for national accounts
- 5.3. In order to achieve these objectives the following activities will be carried out.
- Baseline survey of fixed capital formation in business enterprises (2011)
 - Detailed survey of the structure of intermediate consumption by institutional sectors (2012)
 - Survey of informal and unobserved economic activity in the education sector (2012)

- Survey of informal and unobserved economic activity in the transport and communications sectors (2013)
 - Survey of informal and unobserved economic activity in the healthcare sector (2014)
 - More detailed analysis of the data from the quarterly household survey, especially on household expenditure and labor force participation
 - Development of a detailed database to support the compilation of the supply and use tables in constant prices
- 5.4. Key inputs to the production of the national accounts, in addition to the source data are professional staff, training to increase skills and competencies and information and communications technology. In order to achieve the outputs listed in paragraph 5.2, the following inputs will be required over the period of the plan.
- An increase in the number of economists/statisticians from the present level of 6 to 8 by the end of 2014. It is proposed to recruit one additional economist/statistician in 2013 and in 2014 respectively.
 - Investment in training for all professional economists/statisticians, so that each staff member is able to attend at least one short course in Georgia and one short course elsewhere each year. It is anticipated that on average up to 15 per cent of staff time (between five to six weeks per year) will be devoted to training and skills enhancement.
 - Continuing technical assistance in key areas.
 - Updating and increasing information and communications technology, with an increase in the number of personal computers in line with the number of professional staff.

Business statistics

- 5.5. The Business Statistics Division is responsible for collecting and compiling statistical data on the economic activity of business enterprises in Georgia. These data are used as key inputs into the national accounts, but are also important in their own right. Statistics on turnover, value added, employment, production value and investment in fixed assets classified by the size of the enterprise, the kind of economic activity, regions, organizational-legal forms of enterprise ownership are compiled and published quarterly and annually.
- 5.6. Problems that have been identified with business statistics are of two kinds. First there are the problems related to the business register and ensuring that it is up to date and accurate. The second kind of problem concerns the conduct of the different establishment surveys, including the design of efficient samples for smaller businesses and both slow and non-response. At present, in line with the Statistics Law 2009, business establishments are not legally required to complete statistical returns and Geostat does not have the power to prosecute any business that does not cooperate with any of its surveys.
- 5.7. Over the period of the plan, the objective of the Division is to maintain and expand the data collection and compilation activities, paying particular attention to improving the timeliness of the data, to ensuring that new enterprises are properly covered, and to improving the accuracy and reliability of the published statistics. Particular attention will be paid to improving the coverage and reliability of the business register, to improving the response rate to Geostat surveys and censuses and to reducing the costs of data collection and the burden on business entities. Specific objectives include the following.
- By 2014 have a new and more complete business register in place that is both as complete and up to date as possible, with all enterprises and establishments geo-referenced, making use of modern software and with procedures in place for regular updating, including the addition of new enterprises and the deletion of those enterprises that have gone out of business.

- Expanding the coverage of the business register to include not-for-profit organizations serving households.
 - By 2014, reduce the delay in disseminating business statistics by 30 per cent, and to reduce non-response by 50 per cent compared with the 2010 baseline.
 - By the end of 2012 develop and publish more complete statistics on the energy sector, including annual estimates of the energy balance in Georgia.
 - Establishment of a formal mechanism for regular consultation between Geostat and business representatives, which may include actual meetings from time to time as well as other forms of communication, including an on-line forum.
- 5.8. The activities that will be carried out to achieve these objectives include the following.
- By the end of 2014 carrying out and compiling the results of an economic census in Georgia that will provide a baseline of business activity by location, type of activity, type of ownership and other key characteristics. The census will be used to update and re-organize the business register, with a geographical location defined for each enterprise and establishment.
 - Development and implementation of specialist software to manage the business register and to manage and process business establishment surveys.
 - Development and implementation of systems to support on-line data entry by businesses for establishment surveys
 - Establishment of a formal mechanism for regular consultation between Geostat and business leaders and representatives, which may include actual meetings from time to time as well as other forms of communication, including an on-line forum.
 - Establishment of a process to review all statistical enquiries involving businesses and to help reduce the respondent burden. It is anticipated that this mechanism will have a mandate to review all such enquiries initiated by any government entity.
- 5.9. The inputs that will be needed over the plan period include the following.
- No change in staff numbers, but ongoing training for up to four professional statisticians per year and some short-term training in Georgia for 13 people per year.
 - Technical assistance
 - Upgrading of computer hardware and software, including the acquisition of specialist software to manage on-line survey completion and database software to manage the business register.

Prices

- 5.10. The main regular activity of the Price Statistics Division is to collect the price data on a monthly basis and to compile and publish the Consumer Price Index (CPI) and the Producer Price Index (PPI). For the former, the methodology and the coverage of the CPI are considered to be adequate, with data being collected for 266 products in five cities. The weights in the CPI are derived from the household survey and are updated once every three years. Recent improvements include a more effective treatment of the prices of seasonal goods. The PPI, on the other hand is thought to be more problematic, there are some gaps in coverage identified by the IMF and Geostat lacks appropriate software for data validation and compilation.
- 5.11. Georgia has also agreed to take part in the 2011 round of the International Comparison Project (ICP) and it is proposed to link prices in the country with those of Armenia in order to facilitate the regional and global comparisons. The work will involve the preparation of pricing lists for all the components of GDP, the training of enumerators, the collection of price data and their validation. The work on the ICP will also be closely coordinated with the National Accounts Division, so ensure that the weights to be used for the compilation of price indexes are consistent.

- 5.12. The objectives with regard to price statistics for the plan period are as follows.
- To improve the consistency of the source data on prices by introducing the use of hand-held computers for data collection and initial validation
 - To collect and compile prices for the 2011 ICP and to compile purchasing power parities in conjunction with Armenia
 - In 2012 to change to a weighting system based on national accounts data rather than just the household survey
 - To compile other measures of inflation in addition to the current CPI, for example to monitor core inflation
 - To provide more information on methods and procedures to users and to produce a methodological handbook as well as more regular explanation of the indexes and how they are compiled, including advance warning of major changes in methodology.
 - To broaden the coverage of the PPI and to introduce appropriate software to speed up and improve data validation and compilation.
 - To develop and publish a producer price index for agricultural commodities.
- 5.13. The main activities that will be needed to achieve these objectives are:
- Detailed documentation of the methods and procedures used to collect the price data and compile the indexes
 - Preparation of appropriate commentary to accompany the release of price statistics
 - Estimation of the new national accounts weights for the CPI
 - Review of the procedures used to select samples and pricing points, their translation into software for use in the hand-held computers and training staff in their use
 - Methodological development of the PPI
 - Development of methodology and appropriate testing for the agricultural PPI.
- 5.14. The inputs required will be as follows.
- Technical assistance
 - Training for staff especially in the use of hand-held computers that have recently been procured
 - Procurement and/or development of software

External statistics

- 5.15. External statistics cover external trade and statistics on foreign direct investments (FDI). Trade statistics are compiled by Geostat based on source data provided by the Revenue Service obtained from customs entries for both imports and exports. Additional data on trade in electricity and natural gas are obtained from the state electricity system and the gas transportation company. Statistics on FDI are compiled from data collected through a quarterly survey of about 1,500 enterprises and a more comprehensive annual survey covering about 2000 business units. Trade statistics are published monthly by trading partner (for imports) or destination (for exports), by country group and by commodity heading based on the harmonized system (HS-2007). FDI statistics are published quarterly, classified by country, economic sector and the source of data. Quarterly data are considered preliminary until the data have been checked against more comprehensive information collected through an annual survey of enterprises.
- 5.16. While the trade data are considered reasonably reliable and future developments will focus on improving timeliness and providing more detailed analysis, there have been concerns over the reliability and comprehensiveness of the FDI statistics. In particular, improvements are needed in updating the register of enterprises, in strengthening quality control of the survey in the field and in data processing.
- 5.17. The objectives for external statistics over the plan period, therefore, are as follows.
- To improve the timeliness and reliability of trade statistics, reducing the delay in publishing monthly data by 30 per cent by 2014 compared with 2010

- From 2012, calculate and publish value and volume indexes for both imports and exports
 - Generate data on the real growth of exports and imports
 - Improve the quality of the FDI statistics with gradual improvements of at least 20 per cent in coverage, reliability and timeliness compared with 2010
- 5.18. The activities that will need to be carried out to achieve these objectives will be as follows.
- Update software for the compilation of trade statistics
 - Research and analysis to calculate real growth rates in import and exports
 - Research and analysis to determine the weights for the trade indexes and to compile the data
 - Extension of the FDI survey to all regions
 - Collaboration with the National Bank and the Ministry of Economy and Sustainable Development to update and maintain the list of enterprises to be included in the FDI survey
 - Improved training and field supervision of the FDI survey
 - Translation of questionnaires to all relevant languages
- 5.19. The inputs needed to for these activities will be:
- Two additional economists/statisticians to be recruited in 2012
 - Technical assistance
 - Funds for training of enumerators
 - Additional IT equipment
 - Short-term training for up to eight professional statisticians/economists

Agricultural and environmental statistics

- 5.20. The Agriculture and Environment Statistics Division is responsible for the collection, compilation and dissemination of statistics on agriculture and agricultural production as well as statistics on the environment. The last agricultural census was carried out in 2004 and since then the Division has carried out an annual agricultural survey, collecting information on crop production and livestock numbers, starting in 2007. The most recent complete set of results, relating to 2009, was published in 2010 and preliminary data from the 2010 survey were published at the end of April 2011.
- 5.21. With technical support from FAO Geostat, up to mid 2010, published a quarterly bulletin on the food security situation in Georgia. At present the food security information is published on Geostat's website in the form of a times series, which is updated quarterly.
- 5.22. Since most agricultural production takes place in family holdings, many of which are relatively small, it is necessary to collect statistical data by means of direct interviews. In order to capture the seasonal nature of the production process, there are five interviews throughout the year, with the last one being used to summarize the data on activities throughout the year.
- 5.23. The main user of the data is the Ministry of Agriculture and the problems that are currently encountered include: an out-of date sampling frame dating from 2004; quality control of data collection in the field; and the time taken to process and disseminate the results. The limited sample size, currently about 5,000 holdings, is not sufficient to generate reliable estimates of key variables for different localities or for all commodities of interest.
- 5.24. Over the period of the plan, the main objectives for the Division are seen as the following.
- Develop a new sampling frame for the agricultural survey, making use of the proposed new combined population and agricultural census discussed in the next section.
 - In collaboration with the Social Statistics Division and in line with the recommendations of the recently developed Global Strategy for the Development of Agricultural and Rural Statistics⁷, investigate the development of a common survey framework for the agricultural survey and the

⁷ For more information see: http://www.fao.org/fileadmin/templates/ess/documents/meetings_and_workshops/ICAS5/Ag_Statistics_Strategy_Final.pdf

household survey. It is anticipated that the common framework will be put into effect following the next population census.

- From 2012 onwards establish a permanent pool of enumerators and to help improve the quality of the field work with more intensive training.
- Cover gaps in the current coverage of agricultural statistics and establish cost-effective procedures for compiling data for new and developing activities.
- Develop a mechanism for more regular consultation with data users and to raise awareness of the importance of agricultural and food security statistics.
- In consultation with data users review both current and future data needs and investigate the potential for improving the timeliness of both agricultural and food security statistics.
- Develop a framework for compiling and disseminating statistics about the physical environment in Georgia.

5.25. The activities that will need to be carried out to achieve these objectives will be as follows.

- Review of the sampling frame for the agricultural survey and research and analysis to develop a common survey framework for Georgia
- Research into the inclusion of a limited number of questions in the next population census to identify agricultural households, holdings and holders
- Recruitment of a permanent team of enumerators and upgrading of their skills
- Research, analysis and pilot testing for a revised and updated agricultural survey coordinated with the household survey
- Research, analysis and pilot testing for improved and more timely food security statistics
- Research, analysis and pilot testing for improved and extended environmental statistics

5.26. The inputs needed to for these activities will be:

- Permanent field enumerators and supervisors to be recruited when the census has been completed in 2015
- Specialist survey management software and training in its use
- Technical assistance
- GPS devices and had-held computers to assist field work
- Up to 30 additional computers for data management and processing
- Technical training in agricultural statistics for up to 10 statisticians over the four year period of the plan

Population census and demographic statistics

5.27. A total population estimate for Georgia is computed annually, starting from the last available census results, each year adding births, subtracting deaths data and using an adjusted estimation of net migration for the migration based on state border crossing statistics (inflows and outflows by citizenship) provided by the Ministry of Internal Affairs.

5.28. A pilot census was carried out in 2007 and a new full census was planned for 2010, but this was later cancelled because of the political and financial problems encountered in 2008 and 2009. A new census is now planned for 2014, but as yet the Government has not given the formal go-ahead or allocated the funds required for preparation. Some financial and technical support is being provided from the United Nations Population Fund (UNFPA) and this is being used to support the preparation of maps and household lists using a Geographic Information System (GIS).

5.29. The Division also compiles and publishes demographic statistics using data from birth and death certificates collected by the Civil Registry and from hospitals. The arrangement with the Civil Registry works well and Geostat is planning to sign a memorandum of understanding to increase cooperation. Migration

data is more problematic, however, the Ministry of Internal Affairs collects data on border crossings and this information is used by Geostat. It is not possible, however, from this data source, to identify people crossing borders by the purpose of migration or the destination country.

- 5.30. The most important objective under this heading, therefore, is to prepare for and carry out a new population census. Since it will only be possible to start planning properly in 2012, when budgets can be allocated, it is proposed to schedule the census for 2014. It is also proposed, as discussed in the previous section to carry out the population census at the same time as the agricultural census and a limited number of questions on agricultural activities are expected to be included in the census questionnaire.
- 5.31. The activities that will need to be carried out to achieve these objectives will be as follows.
- Preparation for the 2014 population census, including the preparation of detailed digital maps, developing and extensive field testing of questionnaires, a comprehensive publicity and public relations program, the recruitment and training of enumerators, supervisors and other field staff and the development and testing of procedures and programs for data processing and analysis.
 - Receiving data on duration of migration using existing database of inflows and outflows and developing of migration card system at all state border crossing points that will allow for the compilation of missing data on migration.
 - Conducting special survey which could be used for monitoring of external and internal migration; Research and development of questions that could be used to monitor internal migration, for example as part of the household survey as it is developed following the next census.
- 5.32. The inputs needed to for these activities will be:
- Hiring staff to manage the population census
 - Digital mapping hardware and software
 - Hiring and training of field enumerators and supervisors
 - Data processing equipment and appropriate software
 - Technical assistance in many areas
 - Technical training in demographic statistics and census management for up to 10 statisticians over the four year period of the plan

Social statistics

- 5.33. The main activity of the Social Statistics Division is to carry out, process and publish the results of an annual integrated household survey that is designed to collect data on income levels and expenditure of households as well as information on participation in the labor market. The data are used to compile and publish statistics on incomes, household expenditures, poverty rates, employment and unemployment. The household survey is a major undertaking of Geostat, being carried out on a quarterly basis with a rotating sample, so that each selected household remains in the survey for one year, or four rounds.
- 5.34. The survey faces a number of problems including a very long questionnaire of more than 70 pages and a relatively high level of non-response. At the same time there are concerns over data quality and problems associated with data editing and imputation. At the same time, much of the data are, as yet, not fully analyzed and only a limited number of tables are published. The sampling frame, which is based on the 2002 population census is also becoming increasingly out of date, which is having a cumulative negative impact on data quality
- 5.35. The medium-term objectives, over the period of the plan, are to improve the quality of the data from the household survey, in part by improving the management of the field work, and to increase the value of the data by developing and extending the levels of analysis. Improving data quality should also support more comprehensive analysis. The data from the survey potentially can provide a lot of valuable information about the well-being and welfare of households in Georgia and how different kinds of households

take decisions in response to policy change and external factors.

- 5.36. An additional objective, making use of data from the integrated household survey, the population census and other sources, will be to compile gender related statistics on a wide range of topics. By the end of the initial strategy period Geostat will have a gender statistics strategy in place and will ensure that all data collection and compilation activities are gender aware.
- 5.37. The activities that will need to be carried out to achieve these objectives will be as follows.
- Following the proposed 2014 population census, a review of the sampling frame for the household survey will be carried out and research and analysis will be undertaken to develop a common survey framework for Georgia.
 - Depending on the outcome of the research and analysis a revised and updated integrated household survey will be developed with the aim of coordinating the field work with an up-dated agricultural survey. The aim will be to increase the consistency of the data sets and to reduce the costs of field work and any changes to the current procedures will be carried out following extensive field testing.
 - Development and implementation of a data documentation, archiving and analysis plan
 - Development of a comprehensive strategy to improve and extend the gender focus of all Geostat statistics
- 5.38. The inputs needed to for these activities will be:
- Establishment of a permanent team of field enumerators and supervisors following the census in 2015
 - The procurement and use of specialist survey management software and training staff in its use;
 - GPS devices and had-held computers to assist field work
 - Updating of the IT resources through procurement of hardware and specialist survey pro-cessing and analysis software
 - Technical assistance
 - Technical training in the management and analysis of household surveys for up to 10 statisticians over the four year period of the plan

Improving the use of statistics

- 5.39. Collecting, compiling and disseminating statistics that are not used, or which do not meet the needs of users is not a good use of the scarce resources available to Geostat. This part of the business plan focuses on the specific actions that we propose to put into effect to make all our products more accessible and useful. We recognize that in Georgia today, many users are not very experienced in either accessing or using statistics to make decisions and to allocate resources. Modern technology has revolutionized not only the collection and analysis of statistics, but also the ways in which they can be disseminated and used.

Having an effective and clear dissemination policy

- 5.40. Under the Statistics Law of 2009 Geostat sets its own dissemination policy. In line with the Law, the Fundamental Principles of Official Statistics and good practice, statistical information is released to the public through press releases, printed publications and on the Geostat web-site. Statistical data is released simultaneously to all users and there is no prior access by Government ministers or any other official. Printed publications are placed in the library of Geostat – open to all users – and the National Library of Georgia. Copies are also distributed to Ministries, other government bodies and non-governmental organizations, and to the embassies and representatives of foreign countries and international organizations in Georgia. As far as possible the release of a data set or an update of a statistical series is announced in advance through the Geostat calendar, which is published annually on the web-site.

- 5.41. Over the period of the plan it is intended to maintain this policy, but with the primary method of dissemination being gradually moved to the Geostat web-site, supplemented by press releases where relevant. Statistical data will still be produced in printed form, but it is expected that the number of publications and the print run may be limited.

Making the web-site more accessible and user-friendly

- 5.42. At present, most current statistical data released by Geostat is presented on the web-site. The data are provided in the form of tables and some charts and diagrams. Access to data is provided through a menu system where users need to know the data series they are looking for in order to access a specific statistic. While the system works reasonable well for experienced users who already know what they are looking for, it is not particularly user-friendly for new or inexperienced users.
- 5.43. In the medium term, therefore, the objective is to re-design the web-site to make it more useful as a data dissemination platform and to make it both more accessible and more intuitive. Specific objectives include the following.
- Providing a tool for users to search for specific data and data sets.
 - Improving the presentation of statistical data and providing for more explanation and supporting documentation.
 - Providing tools to help users interact with the data. At present, users can download some data sets as Excel spreadsheets, but there are no tools to allow users to generate their own indicators or tables or to produce charts or maps.
 - Providing access to sufficient explanation of methods and procedures to enable users to understand how the data have been compiled and to identify possible limitations on their use.
 - Providing access to a comprehensive data base with time series and, in some cases, cross-sectional data, on key indicators, so that users can easily generate the outputs they need, including tables, charts, diagrams and maps.
- 5.44. This will require a program to develop and upgrade the web-site, the inputs needed for this will include:
- Technical assistance
 - Access to specialist software, both to increase the functionality of the web-site and to ensure effective security
 - Upgrading of servers
 - Hiring of specialist programmers and web-designers
 - Training for staff

Documenting activities and providing better access to metadata

- 5.45. Improving and extending the use of our statistics requires not only the production and dissemination of good statistics, but also information about how the data were produced, their coverage and, most importantly, what limitations there may be in interpreting the numbers and using them for decision making – this kind of information is usually described as metadata. At present the Geostat web-site provides for access to metadata for different sets of statistics, but much of this information is not yet fully available. Some information about how data have been collected and compiled is provided in printed publications, but this is of only limited value if users are accessing the data on-line.
- 5.46. Over the period of the plan, therefore, we propose to complete full documentation of our statistical procedures and processes so that by 2014, all current and any new statistical series or activities are properly documented and this information is being made available in a format which is accessible and understandable by users. We will use the framework provided by the GSBPM to document all our processes, including regular review and full documentation. As part of this process it is intended that the relevant

metadata will be provided on the web-site as well as in printed form. In order to maintain the consistency of our data and metadata with other countries in our region and internationally we will also ensure that the documentation is done in line with the Statistical Data and Metadata Exchange (SDMX) standard.

5.47. In order to do this, the following inputs will be needed:

- Technical assistance
- Training for staff

Developing and promoting the dialogue with users and improving customer services

5.48. Another important part of the process of improving the use of statistics will be to develop and strengthen the dialogue with users. This will involve a number of different processes, including:

- Regular workshops or conferences, with at least one major conference for users being organized every year
- Consultation with specialist users on different topics as the need arises, especially when changes in methods are planned or when new activities are being initiated
- Providing a process for obtaining feedback from users, for example by establishing space for a users' forum on the web-site
- Carrying out formal user needs and/or satisfaction surveys from time to time
- Setting and manning a user help desk in Geostat

5.49. In order to do this, the following inputs will be needed:

- Technical assistance and advice
- Hiring of at least one additional staff member with expertise in communications
- Training for staff

Providing better access to micro-data for research and further analysis

5.50. At present, Geostat provides some access to micro-data, that is unit level records for the household survey and some other datasets. This allows users to carry out their own research and analysis and, potentially at least, can add value to the data. The problem with the current arrangements, however, are that the data sets are not fully documented, so that people downloading the data will not necessarily know how the data have been collected, what questions were actually asked, what changes have been made as a result of editing and validation procedures and, as a result, what limitations there may be in interpreting and using the data. At the same time, Geostat does not know who is downloading the data, what uses are being made of the information, what analysis is being done and does not necessarily get any feedback.

5.51. Good practice, being promoted by the International Household Survey Network and encapsulated in international standards such as the Data Documentation Initiative (DDI), suggests that a more comprehensive approach is needed. In particular, Geostat needs to invest in documenting and archiving its survey data and metadata, in establishing a mechanism such as a national data archive, to provide access to this information, and in putting in place an access policy that protects the confidentiality of the responses of individuals, as required by law, while allowing researchers and analysts access to the Microdata. Experience from many other countries indicates that this kind of investment has substantial pay-offs, in that the data are subject to more comprehensive analysis that was previously possible and the statistical agency gets valuable feed-back on the quality of the data and the effectiveness of the survey.

5.52. As part of the business plan, therefore, Geostat will launch a national data archive for Georgia by 2012, which will include recent household surveys, the agricultural surveys and other relevant data sets. Use will be made of both technical advice and tools from the IHSN. The inputs needed will include:

- Technical assistance and advice
- Hiring of at least one additional staff member to manage the archive
- Training

Having a clear comprehensive and reasonable charging policy

5.53. While we are planning for a gradual increase in the budget allocation for Geostat, we recognize that macro-economic concerns will limit the level of this increase, at least over the period of the next medium term expenditure framework. It will be important, therefore to continue to raise some additional revenue through charging for access to some of our products and also by undertaking some assignments on commission. We propose, therefore, to develop and publish a comprehensive charging policy. It is expected that the policy will incorporate the following principles:

- Basic statistical information will continue to be made available free of charge to all users
- Charges will be made for specialist and non-standard production of statistics and will be based on the costs involved
- With the agreement of the Board, Geostat may take on commissioned work, provided that we are free to publish the statistics in line with provisions of the Statistics Law and have the freedom to determine the methods and procedures to be used
- Where feasible a differential charging policy will be applied, based on the principle of the ability of the user to pay.

5.54. It is anticipated that the policy will be developed in 2011 and will be agreed and disseminated by June 2012.

Developing our human resources

5.55. The people who work for Geostat are our most important resource. The salaries of our permanent staff account for 32 per cent of our recurrent budget in 2011 and this item is, by far⁸, the largest single item of expenditure. Any improvement in the quality and coverage of statistics will depend on increasing the skills, effectiveness and productivity of the staff. While, as discussed below, we propose a limited increase in the number of professional and sub-professionals working in Geostat over the period of this plan – in part to support the improvements in data quality and coverage discussed above – it will also be important to take into account the overall budget constraint. The main driver of improvements in performance, therefore, will have to be making people more productive.

5.56. A key requirement of the plan is to address two main human resource issues facing Geostat. The first is the problem the agency faces in being able to recruit and retain skilled and experienced professionally qualified staff. People with good quantitative skills are in short supply in Georgia and it will be important, over the next few years, to ensure that working in Geostat is seen as being sufficiently attractive compared with other employers. The second problem is that skilled and experienced people are a scarce resource and this is likely to remain the case for the foreseeable future, even given the small increases in overall numbers outline below. It will be important, for example, to ensure that skilled statisticians and economists are being used as efficiently and effectively as possible and that processes are in place to make sure that skills and competencies are upgraded on a regular basis.

Making working in statistics attractive

5.57. Making working in Geostat attractive, both to existing as well as potential employees, requires actions in a number of areas. In addition to salary levels there are many other factors involved. These include: providing an attractive working environment; ensuring that there is an effective and clear work planning process that ensures that all staff know what they are supposed to do, who they are accountable to and how their performance will be assessed; having a clear career path for employees where the requirements for

⁸ If we calculate total expenditure on all wages and salaries, including the wages of field enumerators and interviewers, the proportion will be 84 per cent.

promotion are known and where good performance is properly rewarded; and providing a process for all staff to receive training on a regular basis so that they can continually upgrade their skills and competencies. In order to do this, the following activities will be carried out.

- Ensuring that Geostat has an effective human resources (HR) management system in place with clear policies and processes in place to define the skills and competency requirements for all posts and a staff appraisal system that helps all staff identify how they are performing and what they need to do to get promotion.
- Providing effective training for all line managers so that they are better able to motivate and monitor their staff.
- Establishing a system for identifying training needs and preparing a training plan that is updated annually.
- Providing for regular consultation between staff and their managers.

5.58. The inputs that will be needed for these activities to be carried out include the following.

- Technical assistance
- Training, both outside Georgia and locally
- Acquisition, of specialist software for HR management

5.59. It is also recognized that, at present, salary levels for professional statisticians and economists working in Geostat are somewhat lower than in other public and private sector agencies in Georgia employing these skills. In the medium term it will be essential to reduce this differential if working in statistics is to be sufficiently attractive to ensure that the best people are recruited and retained. It is recognized that, over the period of the plan, the room for maneuver to increase salary levels significantly is limited, because of overall budget constraints. Geostat, through the Board will enter into discussions with the Ministry of Finance to set out a feasible progression of salary levels based on the proposed budget in Chapter 7.

Ensuring that staffing levels are able to meet an increasing workload

5.60. The business plan provides for limited increase in the number of permanent staff based at Geostat headquarters as shown in Table 5.1. This increase, however, is offset by a decrease in the number of staff based in the regional offices.

Table 5.1 Planned Numbers of Headquarters and Regional Office Staff 2011 to 2014

	2011	2012	2013	2014
Management	3	3	3	3
Office of the Executive Director	6	5	5	5
Legal division	3	1	1	1
Department of Methodology				
Permanent	3	5	5	5
Non permanent	0	0	0	0
IT Department				
Permanent	3	5	5	5
Non permanent	8	8	8	8
Population Census and Demography Division				
Permanent	6	6	6	6
Non permanent	11	11	19	32
External Trade Division				
Permanent	6	8	8	8
Non permanent	2	2	2	2
Agriculture and Environmental Statistics Division				
Permanent	5	6	6	6
Non permanent	4	3	3	3
Business Statistics Division				
Permanent	21	21	21	21
Non permanent	10	10	10	10
Social Statistics Division				
Permanent	13	13	13	13
Non permanent	14	10	10	10
National Accounts Division				
Permanent	6	8	8	8
Non permanent	0	0	0	0
Internal Audit Division				
Permanent	4	5	5	5
Non permanent	0	0	0	0
Price Statistics Division				
Permanent	7	7	7	7
Non permanent	2	2	2	2
Administration Department				
Permanent	11	11	11	11
Non permanent	16	10	10	10
Regional offices	52	45	45	45
Total				
Permanent staff	149	149	149	149
Non permanent staff	67	56	66	80
Headquarters staff	164	160	170	184
Total All Staff	216	202	206	223

5.61. The number of field staff is set out in Table 5.2. These include field enumerators as well as staff required for a limited period of time for specific activities such as the population and agricultural census planned for 2014.

Table 5.2 Planned Numbers of Field Staff from 2011 to 2014

	2011	2012	2013	2014
Supervisors	65	65	465 ⁹	3 065 ⁹
Field workers	445	445	3 445 ⁹	18 445 ⁹
Total	510	510	3 910⁹	21 510⁹

Investing in skills and competencies

5.62. Improving the efficiency and effectiveness of statistical activities will require substantial investment in training. The basic principles on which Geostat will base its training plan are as follows.

- All permanent staff will be expected to undertake two training activities each year, for a total, on average, of between two to four working weeks each year.
- Geostat will look to hire staff with the required educational level. It will support efforts by staff to improve their education, provided that they have the required qualifications.
- In general Geostat will not support or finance staff to take long-term training overseas – in excess of six months. Where a case can be made arrangements may be made to support staff looking to improve their qualifications by taking relevant courses in Georgia.
- It is anticipated that substantial training will take place on-the-job, making use of external experts.

5.63. Table 5.3 shows the anticipated level of investment by year and type of training. At this stage, the numbers shown in Table 5.3 are only indicative; annual training plans will be prepared based on both business need and the needs of individual members of staff. In the Table short-term training is considered to be any course lasting less than six months.

Table 5.3 Proposed Training Activities from 2011 to 2014 (Number of staff)

	2011	2012	2013	2014
Short-term training outside Georgia	17	17	18	17
Long-term training inside Georgia	1	2	1	2
Short-term training inside Georgia	29	31	31	32

Improving the coordination and management of statistical activities

5.64. This section of the business plan is concerned with the mechanisms for coordination and management of the Georgian statistical system. The structure of the system is set out in the 2009 Law of Georgia on Official Statistics. Although no major changes in the structure as set out in the 2009 law are proposed, there are some issues that will require attention and this are discussed in the following sections.

⁹ Includes field staff required for the population census.

Strengthening accountability and the role of the Geostat Board

- 5.65. The Geostat Board was appointed in February 2010. Under the provisions of the Statistics Law, they are appointed for a period of four years and cannot be re-appointed. This implies that the whole Board, including the Executive Director, will reach the end of their term of office in February 2014 and a new Board will then need to be appointed. This presents a potential problem of maintaining continuity of leadership.
- 5.66. Under the provisions of the Law on Official Statistics, the Executive Director of Geostat is also the Chairman of the Board. This provision is not found in many other countries where the more usual arrangement is for the roles of Chief Executive and Chairman to be separated. In part this is to strengthen the accountability function of the Board; it also helps to reduce the workload on the Chief Executive and to give him or her access to independent advice. As part of the discussions on the amendment to the Law, this issue will also be raised and it is anticipated that after 2014 the roles of Chairman of the Board and Executive Director will be separated.
- 5.67. The functions of the Board, as set out in the legislation, include reviewing the statistical standards and methodology that are being used in the course of statistical activities, developing recommendations on statistical methods and procedures, approving them and accepting international standards and methodology, where relevant. This requires the Board to have access to independent technical advice to determine whether the methods and procedures used by Geostat and other statistical producers meet the requirements of the law. As presently constituted, it is not clear that the Board does have access to this kind of advice.
- 5.68. Some countries have established technical advisory bodies to provide technical advice and to review from time to time the methods used by the national statistical system. Georgia is a small country and access to independent statistical advice outside the official statistical system is limited. It may not be feasible, therefore, to establish a formal advisory group with a fixed membership, although the value of Geostat and the Board being able to access independent technical advice in different areas is acknowledged. Over the period of the plan, it is proposed therefore, to establish an informal technical advisory group (TAG), with an initial membership of no more than three people, all of whom will be based in Georgia. The Board will be able to commission advice from the TAG, who will then be able to call on technical capacity both domestically and overseas, depending on the issues involved. The costs of providing this advice are included in the proposed budget set out in Chapter 7.

Improving coordination with other official statistical providers and implementing data quality standards for Georgian statistics

- 5.69. The 2009 Statistics Law defines official statistics as the statistical data produced by the National Bank of Georgia as well as statistical data produced by other administrative bodies provided that they are produced in accordance with international standards and are approved or recognized by the Board of Geostat. It has not yet been possible to put this requirement of the law into effect formally and, over the period of the plan, it is proposed that a process to provide formal recognition to official statistics produced by agencies other than Geostat will be put into effect.
- 5.70. It is proposed that this will be done by establishing appropriate standards for official statistics in different areas and then to have a process for the Board to assess the extent to which these standards are being met. The process will be governed by memorandums of understanding (MOUs) that Geostat is already developing with some other agencies. Once an MOU has been agreed and signed, Geostat, through the Department of Methodology, will work with the agency to review existing practices and procedures and to establish standards, based on international recommendations wherever possible. The process will be voluntary and other statistical producers will be encouraged to participate.

5.71. Where statistics are already being generated in line with international standards, as is the case, for example, with the statistics that are produced by the National Bank of Georgia and the Ministry of Finance – since these already meet the requirements of the SDDS – then the process will be straightforward. In other cases, discussions will need to be held with the relevant Ministries or Departments to identify to what extent they are interested in having their statistics assessed and what additional support might be needed to ensure that methods and procedures reach the required standard. Some technical advice will be sought from other national statistical systems to identify how this process works in other countries and how it can be best applied in Georgia.

Building the infrastructure

5.72. This section of the business plan focuses on investing in and maintaining the infrastructure needed for Geostat to operate effectively and efficiently. This includes physical infrastructure, such as buildings and vehicles, equipment of various kinds, especially information and communications technology and statistical infrastructure.

Improving registers and sampling frames

5.73. The need to develop and maintain the business register as well as the need to update the household survey sampling frame using the data from the next census has been mentioned above. Improved registers and sampling frames are needed for business statistics, the survey of foreign direct investment, price surveys, the integrated household survey and the agriculture survey. In all cases there is a need to revise the registers and the frames to ensure they are accurate and up to date and also to establish procedures to ensure that they can be maintained and kept complete and accurate in the future.

5.74. The most important need is to carry out base-line exercises to review and update the registers and these will include the following:

- The population census planned for 2014, which will provide a new frame for the integrated household survey, but also a listing of agricultural households.
- The planned agricultural census that will be carried out in coordination with the population census as a follow up data collection exercise. This will provide the information needed to stratify the sampling frame for the agricultural survey and also ensure that it is coordinated with the HIS. It will also provide the frame for specific surveys of different agricultural activities.
- The planned economic census, which will generate a listing of all business enterprises. This will be supplemented by information from the population census on business enterprises operated by households.
- Following the completion of these exercises, there will also be a need to establish effective procedures to update the business register.

5.75. The inputs that will be needed to improve the registers and sampling frames are as follows:

- Technical assistance
- Training
- Acquisition of some specialist database software

Ensuring that the classifications we use are relevant and up to date

5.76. Some work is needed to maintain and update different classifications, for example, for business establishments, occupations, economic activities etc. The main activities that are planned to be carried out over the period of the plan are as follows.

- Review and update the Georgian and English versions of HS 2007 classificatory with titles at the 6-digit level.
 - Review and update the product and service classification used for price collections and implement these on hand-held computing devices
 - Review and update the industrial and occupational classifications
 - Review and update the classification scheme used for agricultural holdings
- 5.77. The inputs that will be needed to improve the registers and sampling frames are as follows:
- Technical assistance
 - Training

Building a geographic information system and making better use of geo-referenced data

- 5.78. The value of statistical data can be increased substantially if they can be linked to a physical location by means of a geo-reference. Geostat has already invested in the development of a geographical information system for Georgia and is currently involved in the development of detailed digitized maps of administrative areas as part of the preparation for the next population census. The GIS is also a very important for the development of regional statistics, providing statistical information at different levels of aggregation and allowing for this to be compiled and disseminated in map form.
- 5.79. Over the period of the plan, this work will be extended so that by 2014 a comprehensive GIS is in place, and all relevant data are routinely geo-referenced. The following activities are proposed to be carried out over the period of the plan.
- Ensure that business enterprises included in the business register are geo-referenced
 - Ensure that all agricultural holdings identified in the agricultural census are geo-referenced
 - Ensure that centers of population (towns, villages and other settlements) are all geo-referenced
 - Incorporate within the GIS information on physical and other infrastructure (education and health establishments, roads, etc.)
 - Ensure that all administrative boundaries are digitized and that procedures are in place to ensure that the GIS is updated as and when any changes are made
- 5.80. The inputs that will be needed to improve the registers and sampling frames are as follows:
- Technical assistance
 - Training
 - Upgrading of hardware and specialist GIS software

Improving data management and ensuring data security

- 5.81. In order to make as much use of the data that Geostat generates, an important part of the plan will be to improve data management generally, while taking action to ensure that the data we have, especially that which can be used to identify individual respondents is kept completely secure. The data management process is currently under review as part of the development of the new IT strategy. Key concerns include the following.
- Ensuring that all data processes are properly documented so that they can be reviewed and results replicated if required.
 - Providing for effective back-up and storage of all data on a routine basis and providing for the continuity of data processes should anything happen to disrupt activities.
 - Ensuring that data processes are in line with agreed standards and international recommendations

- Ensuring and maintaining the security of all data processes, especially for data that can be accessed through the web-site or externally.
 - Ensuring security of communications and data transfer
- 5.82. The inputs that will be needed to improve the registers and sampling frames are as follows:
- Technical assistance
 - Training
 - Upgrading of hardware and software

Improving the efficiency of all data collection activities

- 5.83. Reducing costs and increasing the efficiency of Geostat operations is a key objective of the business plan. An essential element of this will be actions to reduce the cost of data collection, for example, by coordinating surveys, making use of the same teams of enumerators and making use of survey management software using hand-held computers. The aim will be to reduce the cost of data collection over the period of the plan, especially in relation to the cost per respondent. In order to do this, Geostat will undertake the following activities.
- Calculate the average cost of enumeration per respondent for all surveys and censuses carried out by Geostat over the period of the plan and then compare these costs with similar information from other countries – benchmarking.
 - Look to make more effective use of field workers, by more and better training, by coordinating the scheduling of field work where possible and by combining enquiries where this is thought to be effective.
 - Reducing the time spent in the field and improving data quality by making use of hand-held computers where possible.
 - Providing for on-line completion of questionnaires for some business surveys.
- 5.84. The inputs that will be needed to do this are as follows:
- Technical assistance and advice
 - Training
 - Upgrading of hardware and software

Improving regional statistics and building local capacity to collect and use statistics

- 5.85. The eight Geostat regional offices have two important functions. They support and manage the different data collection activities that take place across the country and are responsible for the first level of data quality control. In addition they also provide a service function to data users, especially the district and regional administrations, making data available and supporting their use. Over the period of the Strategy it is anticipated that both these functions, but especially the first will increase in importance. This part of the Business Plan, therefore, sets out how we propose to strengthen regional capacity in the eight offices.
- 5.86. Experience from other countries indicates that managing the quality of data collected through different surveys and censuses is best done as close as possible to where the respondents are located. This is true for household surveys and censuses, agricultural statistics, price data collection and business statistics. By the time the original data have been transported to headquarters it is often too late to correct errors and omissions. By reviewing and editing data in the field, it is possible to identify errors and correct them and also to provide valuable feedback to enumerators and supervisors.
- 5.87. In the medium to longer-term in a number of areas, but especially for statistical data collected from business establishments, it may be possible to reduce costs and increase data quality by making increasing

use of data collection on-line, by phone or by e-mail. For other statistics in Georgia, including agricultural data, household surveys and most censuses there will be a continued need to use field enumeration for data collection. Over the period of the Strategy a number of large scale data collection exercises are planned, including the population, agricultural and economic censuses. The regional offices will have very important roles to play in carrying out these exercises, including the recruitment and training of staff, managing field work, providing data quality control and, to the extent possible, some data entry and validation. The regional offices will also have important roles to play in informing the local population about the various statistical activities and in providing access to the outputs, including providing support to data users.

- 5.88. By the end of the Strategy period, therefore, it is expected that each regional office will need to have the following capacity.
- A minimum staffing level of one specialist or senior specialist, two data entry staff, one secretary and one driver.
 - Data processing capacity, including at least three computers and appropriate software, a secure internet connection and other office facilities.
 - An adequate building including secure storage for questionnaires and at least one vehicle.
- 5.89. The inputs that will be needed will include:
- Upgrading of infrastructure
 - Training
 - Upgrading of hardware and software

MONITORING PROGRESS – MEASURING AND REPORTING RESULTS

Monitoring and reporting on progress

- 6.1. In this chapter we set out the framework we propose to use to monitor progress and to report on what we have achieved. As discussed in Chapter 4, our long-term vision provides for continuous development and improvement of the statistical system. If we are to be effective and if we are to continue to be trusted by the users of our data, it is important that we are open and transparent about what we do, what we have achieved and how we have made use of scarce national resources. As well as collecting, compiling and disseminating statistics that provide information about what other parts of Government are doing, we are committed to providing information that will allow others to judge our performance and to hold us to account.
- 6.2. The detailed monitoring framework is set out in Annex 1, in this chapter we provide a summary of how the framework has been developed and the main indicators and processes we propose to use to measure our progress.

The monitoring framework

- 6.3. The framework follows a logical framework approach, focusing on results expected at different levels from the overall vision to specific improvements in data quality for individual data items and series. Results are identified, indicators are defined and targets or milestones are determined. The framework sets out what results are expected by the end of the Strategy in December 2014 and also provides, where relevant and possible, intermediate targets for the intervening years. It also specifies what process or source of information will be used to generate the information. In most cases, values are provided for the baseline, so that progress can be monitored.
- 6.4. At the level of the vision, it is proposed to monitor the performance of Geostat and the statistical system as a whole based on three main indicators.
 - Overall user satisfaction as monitored from time to time through a user satisfaction survey.
 - Continued compliance with the requirements of the SDDS as monitored regularly by the IMF.
 - Ensuring that the World Bank's Statistical Capacity Indicator for Georgia remains above 90; the World Bank compiles and publishes the indicator every year.
- 6.5. Results will be identified for each of the main areas identified in Chapter 5; in each case, one or more indicators, with targets and milestones are specified in Annex 1. The areas are:
 - Improving the quality and coverage of Geostat's statistics
 - Improving the use of statistics
 - Developing Geostat's human resources

- Improving the coordination and management of statistical activities
- Building and maintaining the infrastructure needed for good statistics
- Improving regional statistics and regional capacity

Reporting

6.6. Geostat publishes an annual report that is submitted to Parliament. In addition information about statistical activities is published regularly on the Geostat web-site. It is proposed to use both of these mechanisms to provide information about progress with the implementation of the NSDS and the results that have been achieved. Information on the indicators and progress towards the various targets and milestones will be updated on the web-site as it becomes available. The annual report will provide a measure of progress over the past 12 months, including the data on the individual indicators.

IMPLEMENTATION AND FINANCING OF THE NSDS

- 7.1. The business plan set out in Chapter 5 represents an ambitious program for Geostat, one that will place considerable strains on our resources and our staff, but one that will generate significant improvements in our ability to meet the demands for statistics to guide the development of Georgia. In this chapter we describe how the program will be implemented and also how the costs will be financed.

Implementation arrangements

- 7.2. While the business plan represents a major investment in the capacity of Geostat over the next four years, it does not propose any major change in the organization or structure of the agency. The change from a government department to a legally separate entity has already been accomplished and this means that the focus of attention can now be given to developing systems, improving the skills and competencies of the staff and in making ourselves more cost-effective and efficient. Compared with other countries that have gone through this kind of process in recent years, this is a major advantage.
- 7.3. Implementation of the NSDS will involve coordination between a number of different financing agencies, including some of the donors listed in Table 2.2 in Chapter 2. It is important, therefore, that the implementation arrangements are able to meet the needs of the different donors as well as the Georgian government in terms of procurement, financial management and reporting. In line with the recommendations of the Paris Declaration on Aid Effectiveness, it is proposed to use the Government's own requirements for these different aspects as the starting point.
- 7.4. Implementation will be managed by Geostat with technical support and training provided where necessary by the funding agencies. The budget for NSDS implementation, presented below, includes the costs of supplementing Geostat's own resources with additional expertise, for example, in procurement and financial management.
- 7.5. Implementation will take place throughout Geostat and all Divisions and Departments will be involved. Overall coordination, including financial management and procurement as well as reporting will be provided through an NSDS implementation unit reporting to the Executive Director. It will be headed by a senior member of Geostat staff and will include the following capacities:
- Financial management and control, including internal audit;
 - Management of the procurement function, including technical assistance, goods and services and training services;
 - Administrative support
 - Monitoring and reporting of progress.
- 7.6. It is anticipated that the unit will include up to five people, with most being hired on fixed term contracts for the duration of the NSDS.
- 7.7. Progress will be monitored by the Geostat Board meeting on a regular basis. It may also be helpful to establish an internal Geostat committee with representatives from each Division and Department that will

meet regularly to establish and monitor work programs, identify and, where possible, resolve problems and provide technical advice to the Executive Director and the Board.

The cost of implementing the NSDS

7.8. The overall cost of implementing the NSDS as set out in this document is estimated at 39.7 million Lari in total over the four year period 2011 to 2014. This includes (Table 7.1), the budget estimates prepared by Geostat for the BDD, the additional capacity building requirements identified in the Business plan (Chapter 5) and an allowance for contingencies of 10 per cent per year from 2012 onwards. The budget also includes the estimated cost of establishing and running the implementation management unit described above.

Table 7.1 The Estimated Cost of Implementing the NSDS in millions of Lari

	2011	2012	2013	2014	Total
Salary costs (including social security)	1.4	2.2	2.2	2.2	7.9
Administrative expenses	0.9	0.9	0.9	0.9	3.5
State program of statistical activities	1.0	1.5	1.5	1.5	5.5
Census program	0.1	2.1	0.6	6.2	9.1
Integrated household survey	0.5	0.6	0.7	0.7	2.5
Agricultural survey	0.3	0.4	0.4	0.5	1.7
NSDS capacity building	1.4	1.6	1.6	1.5	6.1
NSDS implementation unit	0.2	0.1	0.1	0.1	0.5
Contingencies	0.0	0.9	0.8	1.4	3.1
Total	5.7	10.3	8.8	14.9	39.7

The financing plan

7.9. The proposed financing plan is set out in Table 7.2. It is based on the following proposals and assumptions.

- The BDD budget allocation for Geostat will meet 60 per cent of the estimated census costs.
- The BDD budget allocation for Geostat is sufficient to meet all salary and administrative costs as well as the contribution to the census in all years of the Strategy.
- The BDD budget for Geostat for all other headings increases by 10 per cent each year from 2011 to 2014
- Agreed donor funded programs are taken into account, including the SIDA and Dutch projects as well as a small amount to include the provision of some technical assistance and some training costs
- Agreed and anticipated donor contributions to the costs of the census are included, where these have been discussed and agreed.

7.10. The financing plan identifies an overall financing gap for the NSDS of 9.4 million Lari or about US\$5.7 million. It is anticipated that this could be financed in a number of different ways, including:

- New individual donor funded projects
- Basket funding for the NSDS as a whole
- Budget support to Geostat

7.11. Whichever financing mechanism is decided upon and different donors may well have different requirements, the aim will be to coordinate all donor support through the NSDS and to make use of common accounting, financial management, auditing, procurement and reporting arrangements as far as possible.

Table 7.2 The Financing Plan for the NSDS in millions of Lari

	2011	2012	2013	2014	Total
Cost of implementation	5.7	10.3	8.8	14.9	39.7
Proposed government budget (BDD)	4.2	5.8	5.4	9.2	24.5
Donor capacity building projects	0.5	0.8	0.8	0.5	2.5
Donor support for the census	0.0	0.0	1.6	1.6	3.3
Financing gap (millions of Lari)	1.1	3.7	1.0	3.6	9.4
Financing gap (millions of US\$)	0.6	2.3	0.6	2.2	5.7

7.12. The financing plan proposes that 62 per cent of the cost of implementing the NSDS is met by Government, 6 per cent is provided by existing capacity building projects and 8 per cent will be met by existing commitments to the census. The funding gap is estimated at 24 per cent of the total.

ANNEX 1. THE MONITORING FRAMEWORK

Results have been identified for each of the main areas identified in Chapter 5 and one or more indicators, with targets and milestones are specified in the following table. The areas are:

- Improving the quality and coverage of Geostat’s statistics
- Improving the use of statistics
- Developing Geostat’s human resources
- Improving the coordination and management of statistical activities
- Building and maintaining the infrastructure needed for good statistics
- Improving regional statistics and regional capacity

For each indicator, targets or milestones are also identified, along with the source of the data.

Proposed results, indicators, targets and milestones

Expected Results	Indicators	Data Source	Targets or Milestones			
			Baseline 2011	2012	2013	2014
Vision and mission						
To provide the statistical evidence needed by Government and other users to support the economic, social and environmental development of Georgia, while providing statistical data to regional and international agencies and making effective use of scarce national resources	Overall user satisfaction with Geostat and its products	User satisfaction survey completed at least once every two years		Increase of 10%		
	Continued compliance with the SDDS	IMF monitoring, including Article 4 consultations and Data ROSCS	In compliance	In compliance	In compliance	In compliance
	World Bank's Statistical Capacity Indicator	World Bank's Bulletin Board on Statistical Capacity	94	>90	>90	>90
Results – Improving the quality and coverage of Geostat's statistics						
National accounts						
Compilation of capital accounts in line with SNA 2008	Survey of investment in fixed capital by institutional sectors	Geostat metadata	In progress			
Improvement of estimates of the non-observed economy	Sector-specific surveys completed and published	Geostat metadata	Education	Transport & communications	Health services	
Calculation of Gross Domestic Product in constant prices	Sector-specific deflators published	Geostat metadata	Goods exports & imports	HH final consumption, service exports & imports	Gross fixed capital formation	
Institutional sector accounts compiled	Sector accounts published	Geostat metadata	Financial sector, Government sector	Household sector	Business sector, NPISH	
Supply and use tables compiled in current prices	Survey of detailed structure of intermediate consumption by institutional sectors published	Geostat metadata	Supply & use tables published			
Business statistics						
Improvement of quality and coverage of data on business activities by sector	Time between the reference period and publication of the data	Geostat metadata				
On-line data entry provided for registered businesses	Percentage of businesses using on-line data entry	Geostat metadata	System tested	5%	10%	

Expected Results	Indicators	Data Source	Targets or Milestones			
			Baseline 2011	2012	2013	2014
Development of energy statistics and energy balance estimated	Energy statistics and energy balanced published in line with international recommendations	Geostat metadata		Indicators published	Energy balance published	
Price statistics						
Improved quality of the CPI data	Weights based on national accounts data	Geostat metadata		CPI weights based on NA data		
More effective analysis of inflation trends	Metadata published and regularly updated	Geostat metadata	Metadata published	Metadata updated	Metadata updated	Metadata updated
	Other measures of inflation published	Geostat metadata		Core inflation published		
Improved quality of the PPI	Coverage increased	Geostat metadata		Coverage increased by 18%		Agriculture PPI published
	Methodology in line with IMF recommendations	Geostat metadata		Methodology meets IMF requirements		
External statistics						
Improve the timeliness and reliability of trade statistics	The time between the reference period and publication is reduced	Geostat metadata		Data within 10 days of the end of the month		
Estimate and publish value and volume indexes for imports and exports	Indexes published			Indexes published		
Analyze the real growth of exports and imports	Real growth rates published	Geostat metadata		Growth rates published		
Improve the quality of statistics on foreign direct investment	Level of coverage	Geostat metadata			All regions covered	
Agricultural and environmental statistics						
Data on structure of the agricultural sector published	Agricultural census completed	Geostat metadata				Census completed

Expected Results	Indicators	Data Source	Targets or Milestones			
			Baseline 2011	2012	2013	2014
Improvement in the quality of annual agricultural data	New survey frame developed coordinated with the household survey	Geostat metadata				Frame developed
	Permanent team of enumerators established	Geostat metadata			Team created	
Better consultation with data users	Number of meetings held	Geostat metadata	One meeting	One meeting	One meeting	One meeting
Population census and demographic statistics						
Complete population census	Census mapping completed	Geostat metadata			Mapping completed	
	Pilot censuses completed	Geostat metadata			Pilots completed	
	Data collection completed	Geostat metadata				Data collected
	Data published	Geostat metadata				Preliminary results published
Improved statistics on external migration	Coverage of external migration	Geostat metadata				
Statistics published on internal migration	National population register established	Geostat metadata				Feasibility study completed
Social statistics						

Expected Results	Indicators	Data Source	Targets or Milestones			
			Baseline 2011	2012	2013	2014
Improved quality of data from the household survey on poverty, access to services and labor market participation	More representative sample frame	Geostat metadata				
	Better control of field work	Geostat metadata		Hand-held computers used	Survey management in place	New sample frame
	Range of analysis published	Geostat metadata	Data and metadata archived	Data made available for analysis		
More effective analysis of social statistics						
Improving the use of statistics						
An effective and clear dissemination policy						
Having a dissemination policy in place	Dissemination policy approved and put into effect	Geostat metadata	Policy in effect			
Making the web-site more accessible and user friendly						
Number of downloads increased	Increasing number of users accessing Geostat web-site	Geostat records		+10%	+10%	+10%
Improved functionality of the web-site	Ease of use of the web-site	User satisfaction survey		Baseline established		Increase of 10%
Documenting activities and improving the metadata						
Main statistical processes fully documented	GSBPM completed for all main data processes	Geostat metadata	25%	40%	75%	100%
Metadata published for all main statistical processes	Metadata published on Geostat web-site	Geostat web-site	25%	40%	75%	100%
Improving the dialogue with users						
User-producer consultation process established	Meetings held	Geostat web-site	At least 1 meeting	At least 1 meeting	At least 1 meeting	At least 1 meeting
Process in place for obtaining feedback from users	Process in place	Geostat records	Process in place			
User help desk in place	Number of enquiries dealt with	Geostat records		+10%	+10%	+10%
Improving access to micro-data for research and analysis						
National data archive established	Data archive in place and accessible on-line	Geostat web-site		Archive in place		
Access policy in place	Access policy approved and put into effect	Geostat web-site	Policy in place			

Expected Results	Indicators	Data Source	Targets or Milestones			
			Baseline 2011	2012	2013	2014
Clear and comprehensive charging policy						
Charging policy in place	Charging policy approved and put into effect	Geostat web-site		Policy in place		
Developing human resources						
Improving working conditions in Geostat						
Effective human resource management system in place	HR management system developed and put into effect	Geostat records	Policy developed	Policy implemented		
Training provided for all line managers	Number of line managers receiving relevant HR training	Geostat records	25%	75%	100%	
Training needs identification system in place	Training needs identified each year	Geostat records	System developed	System put into effect		
Consultation process in place						
Increasing staffing levels						
Staffing plan in place	Staffing plane developed and in effect	Geostat records	Plan developed	Plan implemented		
Staff numbers increased in line with the plan	Percentage of unfilled vacancies	Geostat records	<30%	<20%	<15%	<10%
Investing in skills and competencies						
Level of skills and competencies increased	Percentage of staff receiving training in line with identified needs	Geostat records	>50%	>65%	>80%	>90%
Improving coordination and management of statistical activities						
Strengthening accountability and the role of the Board						
Providing access to independent technical advice	Board has access to independent technical advice as needed	Board records	Needs identified	Technical panel in place		
Improved accountability	Annual reports prepared and published by the Board	Geostat web-site	Report published	Report published	Report published	
Improving coordination with other data producers						
Putting a national data quality assessment framework in place	National data quality framework prepared, approved and updated	Geostat web-site	NOAF developed	NOAF in effect	NOAF updated	
Building and maintaining the infrastructure for statistics						
Improving registers and sampling frames						
Updated frame for household and agricultural surveys in place	Coordinated frame developed and put into effect	Geostat metadata	Frame developed	Frame developed	Frame put into effect	
System in place for updating the register of business establishments	System developed and put into effect	Geostat metadata	System developed	System implemented	System implemented	

Expected Results	Indicators	Data Source	Targets or Milestones			
			Baseline 2011	2012	2013	2014
Classifications kept relevant and up to date						
HS 2007 classification updated	Classification updated and approved	Geostat metadata	Updated	In effect		
Product and service classification for price statistics updated	Classification updated and approved	Geostat metadata	Updated	In effect		
Industrial and occupational classifications updated	Classification updated and approved	Geostat metadata	Updated	In effect		
Agricultural classifications updated	Classification updated and approved	Geostat metadata	Updated	In effect		
Developing a geographical information system						
Business enterprises geo-referenced	Percentage of business establishments geo-referenced	Geostat metadata	60%	75%	80%	
Agricultural holdings geo-referenced		Geostat metadata			75%	
Population centers geo-referenced		Geostat metadata	75%	95%	95%	
Physical infrastructure included within the GIS		Geostat metadata	80%	90%	95%	
Improving data management and security						
Data processes documented	Percentage of processes fully documented	Geostat metadata	40%	60%	75%	
Secure back-up and storage system for all electronic data in place	System developed and in place	Geostat records	System developed	System in place		
Processes in place for reviewing and ensuring the security of all Geostat data	Process developed and in place	Geostat records	System developed	System in place		
Improving the efficiency of data collection activities						
The cost of major data collection activities monitored and benchmarked	Percentage of activities with unit costs identified	Geostat records	20%	50%	75%	
The real unit cost of field work reduced	Percentage change in real unit costs	Geostat records	-5%	-10%	-10%	
Time required for field work reduced	Percentage of activities where time delay reduced	Geostat metadata	10%	30%	60%	
Providing for on-line data entry for business and other surveys	Percentage of businesses providing data on-line	Geostat records	System developed	10%	30%	
Improving regional statistics and the capacity of regional offices						
All regional offices to have a minimum level of capacity	Number of offices meeting the minimum requirements	Geostat records	4	6	8	
Quality control of data collection activities improved	Number of regional offices where basic data quality control measures are in effect	Geostat records	System developed	3	5	

ANNEX 2. ADDRESSING DISPARITIES IN GEOSTAT SALARY LEVELS

Salary levels in Geostat are low compared with other Government agencies and especially those that are competing for people with good economics and quantitative skills. Table 1 below shows average monthly salary levels for professional statisticians and similar staff in Geostat compared with the average salary of staff doing similar jobs in five different agencies. The data were obtained from the database of legal documents with the orders providing salary rates for Ministries and other agencies.

Table 1 Average Gross Salaries for Different Professional Staff in Five Government Agencies and in Geostat in Lari per month

	Senior Specialist	Chief Specialist	Average for all permanent staff including bonuses
Average of five agencies	840	982	1610
Geostat	500	600	863
Geostat salaries as a percentage of the average of the five agencies	60%	61%	54%
Average annual percentage relative increase that is required to eliminate the disparity within four years	19%	18%	23%

Table 1 demonstrates that salaries in Geostat are significantly lower than in other parts of Government, for broadly similar jobs. This is particularly so for specialists, the main professional grades where newly recruited graduates start and which include the majority of professional staff. When the average monthly remuneration for all permanent staff is considered, including bonuses, which are not paid in Geostat, the picture is even worse. On average, in 2010 Geostat staff were paid only 54 per cent of the average monthly before-tax remuneration received by staff in the five ministries.

The low level of salaries in Geostat, compared with other parts of Government and potential competitors for the same people, is a long-standing issue that has been recognized within Government. As yet, however, it has not been possible to take action to address the problem. The last effort, for example, was agreed initially, but then was halted because of a general freeze on increases in government pay.

The effects of the disparities

The fact that Geostat is not able to compete with other parts of Government in terms of pay has an impact on the capacity of the agency to attract high quality staff, especially where, as is the case in other countries, quantitative skills are already in high demand. It also means that Geostat has difficulties in retaining its best staff.

Making Geostat salaries competitive

The budget proposed in Chapter 7, provides for an increase in salary levels in 2012 and the maintenance of differentials thereafter. An alternative scenario would be to reduce the disparities more gradually over a three year period; this would require an annual increase of about 23 per cent on average in 2012, 2013 and 2014.