

## Construction Cost Index

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<b>2. Metadata update</b>	
<b>2.1. Metadata last certified</b>	March 7, 2024
<b>2.2. Metadata last posted</b>	March 7, 2024
<b>2.3. Metadata last update</b>	March 7, 2024

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

<b>4. Unit of measure</b>	
Index.	

<b>5. Reference period</b>
Month.
<b>6. Institutional mandate</b>
<b>6.1. Legal acts and other agreements</b>
The Law of Georgia on Official Statistics; <a href="https://www.geostat.ge/media/56202/The-Law-of-Georgia-on-Official-Statistics.pdf">https://www.geostat.ge/media/56202/The-Law-of-Georgia-on-Official-Statistics.pdf</a> Statistical Work Programme (annual); <a href="https://www.geostat.ge/en/modules/categories/307/statistical-work-programme">https://www.geostat.ge/en/modules/categories/307/statistical-work-programme</a> Charter of the National Statistics Office of Georgia. <a href="https://www.geostat.ge/media/20845/10%2Csaqstatis-konsolidirebuli-debuleba.pdf">https://www.geostat.ge/media/20845/10%2Csaqstatis-konsolidirebuli-debuleba.pdf</a>
<b>6.2. Data sharing</b>
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<b>7. Confidentiality</b>
<b>7.1. Confidentiality – policy</b>
<ol style="list-style-type: none"> <li>The Law of Georgia on Official Statistics: <ul style="list-style-type: none"> <li>According to the article 5 of the law Statistical confidentiality and exclusive use for statistical purposes – individual data collected or received by the producer of official statistics, relating to natural or legal persons, must be strictly confidential and used only for statistical purposes.</li> <li>According to the article 34 (Observing Confidentiality of Statistical Data) of the law 1. Data collected, processed, and stored to produce official statistics are confidential if they enable the direct or indirect identification of a statistical unit. In addition, aggregated data are subject to statistical confidentiality: a) Aggregates composed of 1 to 3 units, when the unit is a natural or legal person if one of these units could be identified indirectly, thereby disclosing individual data about this unit. Aggregates composed of more than 3 units may be declared confidential by the Executive Director if required to ensure statistical confidentiality; b) Information declares as a state secret on the basis of the „Law of Georgia on State Secrets“. 2. Confidential data shall be used exclusively for the purposes of producing statistics in accordance with this law. 3. Statistical data about the administrative body cannot be considered confidential information, except for the information determined by the Law of Georgia „On State Secrets“. 4. Individual data obtained from publicly available sources, which are defined as public information in accordance with the legislation of Georgia, shall not be considered confidential information. 5. Confidential (individual) data may be published if there is written consent from the statistical unit regarding the publication of such data. 6. It is not allowed to disseminate and distribute confidential data or use it for non-statistical purposes.</li> <li>According to the article 38 (Confidentiality commitments) of the law the confidential statistical data collected and processed for statistical purposes shall not be used or disseminated either for personal, academic, research or any other activities, by the employees of the producers of Official Statistics.  <a href="https://www.geostat.ge/media/56202/The-Law-of-Georgia-on-Official-Statistics.pdf">https://www.geostat.ge/media/56202/The-Law-of-Georgia-on-Official-Statistics.pdf</a></li> </ul> </li> <li>Data Confidentiality Policy at Geostat  <a href="https://www.geostat.ge/media/20860/Data-Confidentiality-Policy-at-Geostat_En.pdf">https://www.geostat.ge/media/20860/Data-Confidentiality-Policy-at-Geostat_En.pdf</a></li> <li>Procedure for providing access to confidential data for research purposes (in Georgian)  <a href="https://www.geostat.ge/media/58983/დაცვენილობა--3.pdf">https://www.geostat.ge/media/58983/დაცვენილობა--3.pdf</a></li> <li>The Law of Georgia on Personal Data Protection  <a href="https://matsne.gov.ge/en/document/view/1561437?publication=9">https://matsne.gov.ge/en/document/view/1561437?publication=9</a></li> </ol>
<b>7.2. Confidentiality – data treatment</b>
<ul style="list-style-type: none"> <li>Confidentiality guidelines.</li> <li>Written undertakings by an employee of Geostat on ensuring confidentiality of gained/collected data as a result of official duties.</li> </ul>
<b>8. Release policy</b>
<b>8.1. Release calendar</b>
Data dissemination dates are defined by the calendar developed on the basis of the Statistical Work Programme, which is published on the website of Geostat and is publicly available.
<b>8.2. Release calendar access</b>

<a href="https://www.geostat.ge/en/calendar">https://www.geostat.ge/en/calendar</a>
<b>8.3. User access</b>
All users have the equal access to the statistical data simultaneously.
<b>9. Frequency of dissemination</b>
Monthly.
<b>10. Accessibility and clarity</b>
<b>10.1. News release</b>
Press release for the construction cost index is published through Geostat's website on a monthly basis. It contains information about monthly and, compared to February 2022 index rates, as well as the contributions of sections and divisions to the index formation. The press release also includes a time services graph. It is available on the following link: <a href="https://www.geostat.ge/en/news">https://www.geostat.ge/en/news</a>
<b>10.2. Publications</b>
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<b>10.3. On-line database</b>
Data are available to all users on the Geostat's website: <a href="https://www.geostat.ge/en/modules/categories/655/construction-cost-index">https://www.geostat.ge/en/modules/categories/655/construction-cost-index</a> Also available in PC-Axis format: <a href="https://pc-axis.geostat.ge/PXweb/pxweb/en/Database/?rxid=190da113-9324-45c5-8228-160074560a52">https://pc-axis.geostat.ge/PXweb/pxweb/en/Database/?rxid=190da113-9324-45c5-8228-160074560a52</a>
<b>10.4. Micro-data access</b>
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<b>10.5. Other</b>
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<b>10.6. Documentation on methodology</b>
The methodology for compilation of the construction cost index is available on Geostat's website: <a href="https://www.geostat.ge/en/modules/categories/122/methodologia-price-statistics">https://www.geostat.ge/en/modules/categories/122/methodologia-price-statistics</a>
<b>10.7. Quality documentation</b>
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<b>11. Quality management</b>
<b>11.1. Quality assurance</b>
To ensure the quality of the statistical processes and products Geostat follows Chapter 10 – Quality of official statistics – of the Law of Georgia on Official Statistics, as well as the European Statistics Code of Practice, the UN Fundamental Principles of Official Statistics and Quality Assurance Framework of the European Statistical System (ESS QAF).
<b>11.2. Quality assessment</b>
Methodology and Quality Management Division of Geostat, along with the sectoral departments, is responsible for the quality of the produced statistical products and processes. The Division carries out quality audit, self-assessment of statistical processes and assesses the risks for the quality of statistical processes and products. Geostat has developed policy documents, guidelines and standard routine descriptions. These documents ensure the standardization of statistical processes and products and the establishment of a unified quality assurance system. Quality policy is available on the following link: <a href="https://www.geostat.ge/media/44380/QP_Geostat_EN.pdf">https://www.geostat.ge/media/44380/QP_Geostat_EN.pdf</a>
<b>12. Relevance</b>
<b>12.1. User needs</b>
The construction cost index is used for the following purposes: <ul style="list-style-type: none"> <li>•The CCI has an important role in deflating different economic indicators;</li> <li>•The index is used for indexation of contracts in both public and private sectors;</li> <li>•The index is an analytical instrument for researchers and representatives of business sector.</li> </ul> The main users of the index are: public agencies, international organizations, researchers and students, media representatives and other stakeholders.

<b>12.2. User satisfaction</b>
In 2021 user satisfaction survey was conducted, the target of the survey was to analyze the assessment of quality of statistical data by users and explore ways to improve user services. The survey report is available on the website of Geostat (in Georgian): <a href="https://www.geostat.ge/ka/page/customer-service">https://www.geostat.ge/ka/page/customer-service</a>
<b>12.3. Completeness</b>
Data are consistent to the international standards.
<b>13. Accuracy and reliability</b>
<b>13.1. Overall accuracy</b>
Accuracy of data is ensured by compliance with international methodology of research and calculation methods.
<b>13.2. Sampling error</b>
There is no assessment of the sampling error of the index. The sample size made from the given population is optimal, given the research objectives and limited resources.
<b>13.3. Non-sampling error</b>
Non-sampling errors in the price index for material inputs to construction industries are not assessed. To minimize this kind of errors, the index calculation step involves several levels of control.
<b>14. Timeliness and punctuality</b>
<b>14.1. Timeliness</b>
The data are published on the 37th day after the reporting month (in 6-9).
<b>14.2. Punctuality</b>
The data are published according to the date specified in the statistical work program. There has not been any violation of publication dates.
<b>15. Coherence and comparability</b>
<b>15.1. Comparability – geographical</b>
The prices are collected in different regions of the country (depending on the company locations) and practically covers all regions of Georgia. The principles of price collection and index calculation are based on international methodology and are fully consistent with it. In addition, prices are collected using the general methodology, which insures data comparability within the country.
<b>15.2. Comparability – over time</b>
The index is comparable for the whole period.
<b>15.3. Coherence – cross domain</b>
Data are coherent.
<b>15.4. Coherence – internal</b>
Indices are coherent with the initial data – indices on the aggregate level are compiled using the lowest level indices through a clearly defined procedure.
<b>16. Cost and burden</b>
In 2024 annual budget of statistical surveys of prices (consumer, producer and import prices) amounted to 282 510 GEL.
<b>17. Data revision</b>
<b>17.1. Data revision – policy</b>
Statistical data revision policy is available on the website of Geostat: <a href="https://www.geostat.ge/media/59824/Data-Revision-Policy-and-Error-Correction-at-Geostat_Eng.pdf">https://www.geostat.ge/media/59824/Data-Revision-Policy-and-Error-Correction-at-Geostat_Eng.pdf</a>
<b>17.2. Data revision – practice</b>
Planned revision of data is not carried out. An unplanned revision (to clarify data) was not carried out in 2023.
<b>18. Statistical processing</b>
<b>18.1. Source data</b>

For the purpose of compilation of the CCI, prices are collected from organizations operating across the country, for construction materials and services supplied by them on the market. The observable price of a material (service) is the value of the construction material (service) purchased by a construction organization for construction of residential, non-residential, and civil buildings in the specified period. In order to select the observable construction materials and services and to identify their characteristics, on the first stage large construction companies operating in the country are surveyed through an additional questionnaire. After the selection of construction materials and services, on the second stage of the survey the supplier companies are selected (based on the information from the additional questionnaires and the data of the enterprise statistics) for the purpose of further price observation of the construction materials and services provided on the market.

During the selection process of the construction materials and services maximally detailed specifications are determined for them. To follow the specifications is the most important part of price registration since the monthly recorded difference between prices should be caused by the pure price change of a material or a service, rather than by changes in characteristics of materials or services.

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

### **18.2. Frequency of data collection**

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

### **18.3. Data collection**

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

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

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

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

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

### **18.4. Data validation**

The CCI validation procedures are conducted in two stages:

**On the first** stage validation takes place simultaneously with the price registration fieldworks. In case of price change, the person responsible for filling the questionnaire is required to define by the comment the reason of the change.

After the data are sent to the central office, a responsible employee conducts analysis and logical control of the data.

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

### **18.5. Data compilation**

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

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

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

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

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

During the update of weights, the list of construction materials and services may also be updated. At this time prices are collected for types of materials and services both in the old and new sampled, which enables chain-linking of indices calculated for different samples. Chaining enables to calculate indices with a long term reference period. If in the reporting period an organization stopped selling the observable material or service but sells another similar material/service, it is possible to replace the old material or service with a new one. If the characteristics of the observable material/service have changed, but the criteria for comparison is not violated, it is allowed to compare the old and new material/service. In this case, it is important that the price change caused by quality change is not reflected in the index.

**18.6. Adjustment**

Not applied.

**19. Comment**

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