

## Absolute and Relative Poverty Indicators and GINI Coefficients

1. Contact	
1.1. Contact organisation	National Statistics Office of Georgia (Geostat)
1.2. Contact organisation unit	Social Statistics Department Living Conditions Statistics Division
1.3. Contact name	Vasil Tsakadze Irakli Guguchia
1.4. Contact person function	Head of Social Statistics Department Head of Living Conditions Statistics Division
1.5. Contact mail address	30, Tsothe Dadiani Str., 0180, Tbilisi, Georgia
1.6. Contact email address	<a href="mailto:vtsakadze@geostat.ge">vtsakadze@geostat.ge</a> <a href="mailto:iguguchia@geostat.ge">iguguchia@geostat.ge</a>
1.7. Contact phone number	+995 32 236 72 10 (600) +995 32 236 72 10 (610)
1.8. Contact fax number	-

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3. Statistical presentation	
3.1. Data description	
Absolute and Relative Poverty indicators and GINI coefficients are calculated based on Households Incomes and Expenditures Survey (HIES). The purpose of producing these indicators is to determine the level of concentration of incomes and expenditures, poverty level of the population and to obtain the data on the annual changes of these indicators.	
3.2. Classification system	
Classification of Individual Consumption According to Purpose (COICOP).	
3.3. Sector coverage	
Includes all private households of the country. Sample unit is randomly selected household despite the number of household members and their economic conditions.	
3.4. Statistical concepts and definitions	
<p><b>Household</b> is a group of persons who observe the rules of common living and occupy a single dwelling and are connected by the shared budget (or a part thereof), and by relative or non-relative relationships (a household may consist of one person).</p> <p><b>Standard of Living</b> implies providing the population with material, spiritual, social and living conditions, which is the same as the achieved level of consumption and the degree of satisfaction of human needs.</p> <p><b>Household Incomes</b> include all incomes of the household and its members during the reference period. Total income (cash and non-cash inflows) consists of cash income and transfers, non-cash income and other cash inflows. Cash income and transfers includes income from wages, self-employment, selling agricultural production, leasing, deposit (interest), pensions, scholarships, assistances, remittances from abroad and money received as gift. Other cash inflows include income from property disposal, borrowing and dissaving.</p> <p><b>Household Expenditures</b> include all expenditures of the household and its members during the reference period. Total expenditures consist of cash consumption expenditures, non-cash expenditures, and cash non-consumption expenditures. Cash consumption expenditures includes expenditures on food, beverages, tobacco, clothes and footwear, household goods, healthcare, housing, water, electricity, gas and other fuels, transport, education and other consumption expenditures. Cash non-consumption expenditures includes expenditures on agriculture, transfers, saving and lending, property acquirement.</p> <p><b>Relative Poverty Line</b> is determined by the ratio of the distribution of total income or expenditure in the country. For example, the poverty threshold calculated at 40% or 60% of median consumption in the country.</p>	

<p><b>60 and 40 percent of Median Consumption</b> are relative poverty thresholds which are calculated according to the median of population distribution by the total consumption (consumption expenditure).</p> <p><b>Median Consumption</b> – Population distribution by total consumption is such a value that half (50 percent) of the total population consumes less than it while another half more than it.</p> <p><b>Poverty Level</b>, or otherwise the index number of the poor, is the share of the poor in the total population.</p> <p><b>Equivalent Adult</b> – Different people have different needs according to gender and age. Six sex-age groups with defined coefficients are used. An equivalent adult has a coefficient of "1" and coefficients of other members are determined by this index. The sum of all coefficients gives the number of equivalent adults in the household.</p> <p><b>Scale (Cohabitation) Effect</b> – Some types of costs (such as utility bills) decreases per household member when number of household member increases (for example, two individuals living separately spend more than these two people would spend in case of living together). To take scale effect into consideration, the scale effect is used which is determined as follows: Number of equivalent adults in the household in 0.8 degrees (only for households with more than one member).</p> <p><b>GINI Coefficient (Income Concentration Indicator)</b> –Represents the deviation of the actual distribution of income from their equal distribution line. In equal distribution the GINI index equals zero, and in absolute inequality - one.</p>
<p><b>3.5. Statistical unit</b></p> <p>Household.</p>
<p><b>3.6. Statistical population</b></p> <p>Sampling frame includes all private households of the country.</p>
<p><b>3.7. Reference area</b></p> <p>Survey covers whole area of Georgia, excluding occupied territories of the country (Abkhazian Autonomous Republic and Tskhinvali region).</p>
<p><b>3.8. Time coverage</b></p> <p>Absolute and Relative Poverty Indicators are available from 2004 onwards. GINI coefficients – from 1997.</p>
<p><b>3.9. Base period</b></p> <p>-</p>

<p><b>4. Unit of measure</b></p> <p>Percent.</p>
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<p><b>5. Reference period</b></p> <p>Year.</p>
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<p><b>6. Institutional mandate</b></p>
<p><b>6.1. Legal acts and other agreements</b></p> <p>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></p>
<p><b>6.2. Data sharing</b></p> <p>-</p>

<p><b>7. Confidentiality</b></p>
<p><b>7.1. Confidentiality – policy</b></p>
<p>1. The Law of Georgia on Official Statistics:</p> <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)</li> </ul>

Aggregates composed of 1 to 3 units, when the unit is a natural or legal person if one of these units could be identified indirectly, thereby disclosing individual data about this unit. Aggregates composed of more than 3 units may be declared confidential by the Executive Director if required to ensure statistical confidentiality; b) Information declares as a state secret on the basis of the „Law of Georgia on State Secrets“. 2. Confidential data shall be used exclusively for the purposes of producing statistics in accordance with this law. 3. Statistical data about the administrative body cannot be considered confidential information, except for the information determined by the Law of Georgia „On State Secrets“. 4. Individual data obtained from publicly available sources, which are defined as public information in accordance with the legislation of Georgia, shall not be considered confidential information. 5. Confidential (individual) data may be published if there is written consent from the statistical unit regarding the publication of such data. 6. It is not allowed to disseminate and distribute confidential data or use it for non-statistical purposes.

- According to the article 38 (Confidentiality commitments) of the law the confidential statistical data collected and processed for statistical purposes shall not be used or disseminated either for personal, academic, research or any other activities, by the employees of the producers of Official Statistics.

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

2. Data Confidentiality Policy at Geostat

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

3. Procedure for providing access to confidential data for research purposes

<https://www.geostat.ge/media/61533/Rule-on-Access-to-Confidential-Data-for-Scientific-and-Research-Purposes...pdf>

4. The Law of Georgia on Personal Data Protection

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

**7.2. Confidentiality – data treatment**

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

**8. Release policy**

**8.1. Release calendar**

Data dissemination dates are defined by the calendar developed on the basis of the Statistical Work Programme, which is published on the website of Geostat and is publicly available.

**8.2. Release calendar access**

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

**8.3. User access**

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

**9. Frequency of dissemination**

Annual.

**10. Accessibility and clarity**

**10.1. News release**

News release on Poverty Indicators and Gini Coefficients:

<https://www.geostat.ge/en/single-news/3162/indicator-of-poverty-and-gini-coefficients-2023>

**10.2. Publications**

Statistical Yearbook of Georgia:

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

**10.3. On-line database**

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

<https://pc-axis.geostat.ge/PXweb/pxweb/en/Database>

**10.4. Micro-data access**

According to the “Rule on Access to Confidential Data for Scientific and Research Purposes” of the Law of Georgia on Official Statistics, users are allowed to access individual data to promote scientific progress. All direct and indirect identifiers, such as personal number, address, and name, are deleted from individual data files. Extreme values and

<p>similar indirect identifiers are corrected using appropriate statistical methods. All files are appropriately anonymised to minimise the risk of disclosure:  <a href="https://www.geostat.ge/media/61533/Rule-on-Access-to-Confidential-Data-for-Scientific-and-Research-Purposes....pdf">https://www.geostat.ge/media/61533/Rule-on-Access-to-Confidential-Data-for-Scientific-and-Research-Purposes....pdf</a>  Anonymized micro-data for the Integrated Household Survey (2009-2016) and Households Incomes and Expenditures Survey (2017-2023) are available in SPSS format on the website of Geostat:  <a href="https://www.geostat.ge/en/modules/categories/128/databases-of-2009-2016-integrated-household-survey-and-2017-households-income-and-expenditure-survey">https://www.geostat.ge/en/modules/categories/128/databases-of-2009-2016-integrated-household-survey-and-2017-households-income-and-expenditure-survey</a></p>
<p><b>10.5. Other</b></p>
<p>According to the Law of Georgia on Official Statistics, statistical data is public and Geostat ensures delivery of the statistical data for all users upon an electronic form or written request.</p>
<p><b>10.6. Documentation on methodology</b></p>
<p>Documentation on methodology of Households Incomes and Expenditures Survey is available on website of Geostat:  <a href="https://geostat.ge/media/28952/Handbook-Of-Household-Surveys-%28Revised-Edition%29.zip">https://geostat.ge/media/28952/Handbook-Of-Household-Surveys-%28Revised-Edition%29.zip</a>  Documentation on methodology of indicators of poverty and inequality (in Georgian):  <a href="https://www.geostat.ge/media/49220/Poverty_Gini_Methodology.pdf">https://www.geostat.ge/media/49220/Poverty_Gini_Methodology.pdf</a></p>
<p><b>10.7. Quality documentation</b></p>
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<p><b>11. Quality management</b></p>
<p><b>11.1. Quality assurance</b></p>
<p>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).</p>
<p><b>11.2. Quality assessment</b></p>
<p>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></p>

<p><b>12. Relevance</b></p>
<p><b>12.1. User needs</b></p>
<p>Users of the statistical information are state authorities, international organisations (Eurostat, United Nations and UN's regional and specialized authorities, World Bank, etc.), business, media, researchers, students and private persons.</p>
<p><b>12.2. User satisfaction</b></p>
<p>In 2023 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></p>
<p><b>12.3. Completeness</b></p>
<p>Data is in line with international standards.</p>

<p><b>13. Accuracy and reliability</b></p>
<p><b>13.1. Overall accuracy</b></p>
<p>The source of the Absolute and Relative Poverty indicators and GINI coefficients – Households Incomes and Expenditures Survey is based on a sampling method. In General, it is attended by existence of statistical errors. Therefore, during the calculation of survey results standard error is taken into consideration.</p>
<p><b>13.2. Sampling error</b></p>

In 2023, sample size comprised 17 280 households. 13 208 households were interviewed countrywide. Response rate of households which is calculated as interviewed households divided on sampled households, amounted to 76.4 percent. The table below represents standard errors, confidence intervals, coefficients of variation and design effects of indicators:

	Standard Error	95% Confidence Interval		The Coefficient of Variation	Design Effect
		Lower Bound	Upper Bound		
Absolute Poverty	0.5	10.8	12.8	4.4	3.4
Share of population under 40 percent of the median consumption	0.4	6.6	8.1	5.5	3.1
Share of population under 60 percent of the median consumption	0.7	18.5	21.1	3.4	3.7

### 13.3. Non-sampling error

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

### 14. Timeliness and punctuality

#### 14.1. Timeliness

Annual data are published in May of the following year of the reporting period.

#### 14.2. Punctuality

The data is published according to the date indicated at Statistical Work Programme. Violation of publication dates never occurred.

### 15. Coherence and comparability

#### 15.1. Comparability – geographical

Used methodology is comparable on regional and international level.

#### 15.2. Comparability – over time

Data is comparable over time.

#### 15.3. Coherence – cross domain

Data is coherent.

#### 15.4. Coherence – internal

Data is coherent.

### 16. Cost and burden

- There are 130-140 interviewers involved in the survey in 11 regional offices;
- Logical control group - 4 members and data entry operators – 3 members;
- Database is cleaned by 6 permanent staff member of division;
- The monthly sample size is  $4\ 320/3 = 1\ 440$  households, with 4 320 households per quarter;
- Average duration of initial and follow-up interviews 1 hour – 1 h 20 min;
- In addition, each household completes Diary of expenses, which includes household members' expenditure on food and non-food products during the past week. The time spent on filling the diary depends on the specific case and cannot be estimated.

In 2023, budget of Households Incomes and Expenditures Survey amounted to 481.1 thousand GEL.

### 17. Data revision

#### 17.1. Data revision – policy

Statistical data revision policy is available on the website of Geostat:

[https://www.geostat.ge/media/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)

<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>
<p>The main source of the data on absolute and relative poverty and GINI coefficients is Households Incomes and Expenditures Survey (Integrated Household Survey - Before 2017).</p> <p>The sampling frame is based on the General Population Census 2014 (Before 2017 the sampling frame was based on the General Population Census 2002). New listing of households (actualization) is conducted in all sampled enumeration areas. Pre-defined number of households are selected from the sampling frame on a random sampling basis. Sampling is done using a specially designed program.</p> <p>Two-stage stratified cluster random sampling is used for sampling design. At the first stage, enumeration areas are selected, and at the second stage - household addresses. In addition, stratification is done to reduce sampling errors. From 2017 each household is interviewed based on the 2-2-2 rotation scheme. This implies that the interviews are conducted twice during the two quarters and the third and fourth interviews are conducted in the same quarters of the next year when the first and second interviews were conducted. Before 2017 each household was interviewed four times in a row for four quarters.</p> <p>Each month the households which were participating in the sample for four times are excluded from the sample and they are replaced by another randomly selected household from the same cluster (household rotation). This rotation scheme allows to renew the sample on the one hand, and on the other hand, to create panel survey which is necessary for the poverty study.</p>
<b>18.2. Frequency of data collection</b>
Data is collected monthly.
<b>18.3. Data collection</b>
<p>To collect data, interviewer goes to the respondent's household and completes five questionnaires (by the Computer-Assisted Personal Interview – CAPI). Sixth Questionnaire - Expenditure Diary (printed versions) is designed to leave in the household. It includes household members' expenditure on food and non-food products during the past week. The expenditure diary is filled by the household within one week according to the instructions given by the interviewer. For this purpose, interviewer conducts 3 visits in the household. Interviewer fills-in the non-response form for the primary sampling unit level with reasons for refusal.</p> <p>Electronic versions of questionnaires are available on website:  <a href="https://www.geostat.ge/en/modules/categories/560/household-survey">https://www.geostat.ge/en/modules/categories/560/household-survey</a></p>
<b>18.4. Data validation</b>
<p>Initially, data received from the respondent has been validated during the interview using a tablet, which includes integrated basic logical and arithmetic checks in the online questionnaires. If any discrepancies are detected in the data provided by the respondent, the interviewer will clarify the answers on the spot. The completed online questionnaires are sent by the interviewers to the fieldwork supervisors using a special program, who then forward them to the logical control group. If suspicious data or discrepancies are detected, the questionnaire is returned to the interviewer for clarification/verification. The clarified questionnaire is then sent to the head office.</p> <p>Each month, double data entry is conducted by the operators' team to input the expenditures diary data (printed version) into the database within 10-15 days after receiving the material (15th-20th days after the end of the survey month). The purpose of double data entry is to prevent data entry errors. If there is any discrepancy between the first and second inputs, the specially designed program indicates the difference. The operator has to determine which record is correct and corrects the data.</p> <p>After recording the materials into the database, a specially designed program identifies and shows inconsistencies in the data. In case of inconsistency, logical control group corrects data based on contacting interviewer/supervisor and/or respondent based on the information received from them.</p> <p>Finally, data cleaning is continued using Microsoft Access by the staff of the Living Conditions Statistics Division. Data comparison between questionnaires and quarters is implemented as well.</p>
<b>18.5. Data compilation</b>
After the cleaning of the database, the aggregated database is formed and the data is weighted. The data is weighted at the stratum-panel level. Results are calculated using MS Access, MS Excel and SPSS.
<b>18.6. Adjustment</b>
Not applicable.

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<b>19. Comment</b>
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