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Your contact persons within  
GFA Consulting Group GmbH are

Dr. Piotr Zuber (Team Leader)  
Edin Mehmeti (Technical Backstopper)

## **GEORGIA**

### **Support to Regional Development Policy Implementation II**

Contract No ENPI/2016/376-862

## **Report on Review of Regional Statistics**

This report has been developed by Piotr Żuber TL, KE1 and Tomasz Kilian-ski, KE2 with a great support from Mr Irakli Tsekvava, Deputy Head of the GEOSTAT Office and MRDI

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### **Disclaimer**

The content of this publication is the sole responsibility of the author and can in no way be taken to reflect the views of the European Union.

### Address

GFA Consulting Group GmbH

Eulenkrogstraße 82  
D-22359 Hamburg  
Germany

Phone: +49 (40) 6 03 06 – 845  
Fax: +49 (40) 6 03 06 – 859  
E-Mail: [edin.mehmeti@gfa-group.de](mailto:edin.mehmeti@gfa-group.de)

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## 1. Introduction and Purpose of Review

The signature of Association Agreement in November 2015 opened opportunities for co-operation between Georgia and the EU in various policy areas, including regional development. In line with EU best practice regional development policy is seen in Georgia as an instrument aimed at stimulated more equitable and territorially balanced socio-economic development, reducing territorial disparities. Its objectives seek to support *inter alia* job creation, regional competitiveness, improvement in the quality of life and sustainable growth.

Georgia benefits from direct budget support facility offered by the European Union to several countries against conditionalities pertaining e.g. to EU policy principles such as partnership, additionality, transparency, evidence-based approach, effectiveness and efficiency. In that context funding envelope to the tune of €26 million was allocated to provide direct assistance to Georgia to stimulate reforms in the area of regional development and territorial cohesion.

Numerous aspects of balanced territorial development are addressed by Regional Development Programme 2015-2017 adopted within the framework of the aforementioned direct budget support. Its intervention measures were developed during strategic planning and programming exercise based on socio-economic intelligence - a set of regional statistics available at that time (evidence-based approach).

The Reform Policy Matrix (Specific Condition 4(i)) provides that statistical indicators used for evidence-based planning and programming are reviewed in order to strengthen coherence and consistency of the regional development policies *“the review of regional statistics is prepared and published, drawing on both, the initial update of regional disparities and the interim evaluation of RDP implementation. The review includes recommendations for any necessary changes to the collection of socio-economic data in Georgia”*.

In fact, this Report aims to review the initial update of the Analysis of Regional Disparities (dated March 2016), pointing at existing openings and gaps. It also draws upon recommendations of the Interim Evaluation Report: No 4 - *“Further improvements in official regional statistics allowing for better monitoring and evaluation of RDP are strongly needed”* and arranges for the methodology to develop a new study on regional disparities (Recommendation No 7).

Recommendation No 4 calls for *“Gradually increasing the number of indicators used by GEOSTAT for measuring regional development, including data available at regional level. In the long run, following the discussions with Eurostat, introducing territorial statistical nomenclature coherent with EU NUTS regulation. More detailed way of implementation of the recommendations should be formulated in the Review of Regional Statistics.”*

This report takes this recommendation as a reference point for elaborating on the need to commence official talks with EUROSTAT for setting up the system of NUTS II in Georgia (General recommendation No 4), calling for collection and processing more data relevant for regional development policy (general recommendations 1-3) as well provides concrete proposals for *Data Set for Measuring Regional Cohesion in Georgia* (Specific recommendations to data series currently used and Regional statistics data - xls spreadsheet).

In line with the recommendation from the Interim Evaluation Report No 7, the Review serves the basis for improvement of the statistical data set to be presented and analysed in the new Report on Regional Disparities which will be used as a basis for diagnosis and SWOT analysis under new RDP 2018-2020.

This Review document aims to assess the previous and existing systems and methodologies of the collection of statistical data and the ways of the portrayal of territorial disparities informing regional development policy planning and implementation.

The main purpose of the review is twofold:

- i) Identification of gaps in the statistical data sets used to-date; and
- ii) Provision of recommendations as to how the use of statistics can be enhanced for future analysis of territorial disparities and policy planning and programming exercise.

Three main source documents that are reviewed in this Report are, namely:

1. Analysis of Regional Disparities in Georgia (updated in March 2016);
2. Interim Evaluation of RDP 2015-2017;
3. Georgian data series related to the analysis of regional disparities (source: GEOSTAT);
4. Regional statistics data (xls spreadsheet).

During the review:

- Benchmarking was carried out against standard data sets used for measuring territorial disparities in the EU and countries in accession, including typology of data series used by EUROSTAT;<sup>1</sup>
- Cross-checks were made against officially published regional statistics by GEOSTAT and available at: [http://www.geostat.ge/index.php?action=page&p\\_id=1181&lang=eng](http://www.geostat.ge/index.php?action=page&p_id=1181&lang=eng)

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<sup>1</sup> Examples include:

- a) EU cohesion report: "Investment for Jobs and Growth. 6th report on Economic, Social and territorial cohesion, Brussels 2014 or
- b) Report on socio-economic, regional and spatial situation in Poland: Raport o rozwoju społeczno-gospodarczym, regionalnym oraz przestrzennym, Ministerstwo Rozwoju, Warszawa 2016.

## 2. Context and Methodological Assumptions

The Regional Development Programme 2015-2017 had been developed in the years 2013-2014 within the framework of an EU-funded Technical Assistance Programme “Support to Regional Development Policy Implementation - Phase I”. The RDP 2015-2017 document was adopted by the Government in July 2014.

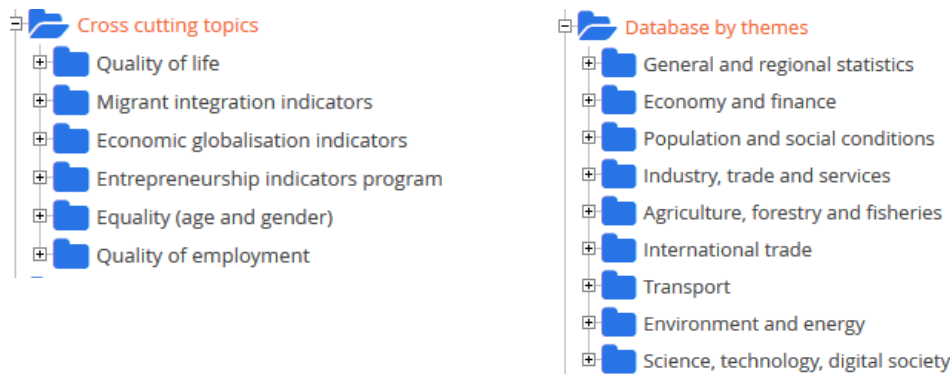
Analysis of regional disparities and their documentary illustration were carried out by the aforementioned TA Project with the assistance of ISET - International School of Economics at Tbilisi State University. The analysis informed strategic SWOT analysis and - subsequently - intervention measures of the RDP 2015-2017. The analysis was originally conducted in 2014 and updated recently - in March 2016.

Analysis of regional disparities was based on data series developed in collaboration with GEOSTAT and special Interagency Working Groups to prepare a policy framework that could be used for future studies on territorial disparities and ex-post evaluation of the RDP 2015-2017.

Expert observations on Georgia’s regional statistics used in the past are assumed and established around three main categories or dimensions of the EU cohesion policy:

1. Social cohesion;
2. Economic cohesion; and
3. Territorial cohesion

A screenshot of main themes and cross-cutting topics comprising those three dimensions used by EUROSTAT is provided below.



The Review seeks to answer two key questions:

1. Are the used statistics relevant and sufficient to inform comprehensive regional policy planning, implementation and evaluation?
2. Are there strategic weaknesses and shortcomings of the way how specific statistics are captured and processed?

Answers to the review questions formulated in the previous paragraph subsequently informed expert recommendations on the possible improvement of the system and use of various indicators in the future.

This review should be considered to be a snapshot of the overall environment and system of the collection of socio-economic intelligence in Georgia. The TA Project Team and the Ministry of Regional Development and Infrastructure will monitor the progress in regard to the availability of relevant statistics and may use indicators other than those referred to in this document.

### 3. Observations and Findings

Observations and findings are grouped in accordance with the main review questions outlined in the previous section of the Report.

#### **Part I: Relevance and sufficiency of statistical indicators and their analysis**

1. The existing, updated document on regional disparities (March 2016) does not provide sufficient trend analysis of the statistics used. Except for data on population, GDP by region, volume of timber harvested, FDI's, number of persons receiving pension and social packages and the number of foreign visitors, there is virtually no analysis of trend for other statistics. Trend analysis is an essential practice of data and information collection in order to observe a pattern or trend and to forecast or estimate future events. Trend analysis can be a meaningful tool if data series are available at least for the past 3-4 years.
2. Georgian data series (used for 2015-2017 programming) are divided into 8 groups: i) population and demography, ii) physical infrastructure, iii) environment, iv) economic structure indicators, v) labour market, education and training, vi) investment innovation and technological development, vii) income and poverty and viii) culture and recreation. The division is acceptable in its own rights and essentially corresponds to the most general grouping established by Eurostat. The missing items are cross-cutting topics such as: quality of life, equality and quality of employment.
3. Georgian data series features overrepresentation of specific indicators concerning e.g. infrastructure (e.g. electricity produced, water supply) to the detriment of indices covering e.g. social cohesion themes.
4. Data on GDP is quoted in GEL, not in USD or EUR. There is no reference to exchange rate into \$ or € and no indication of changes in price index to enable price correction by deflation. For that carrying out benchmarking with any other e.g. European region or country is literally impossible.
5. GDP figures are provided in current prices and thus help to understand nominal values and shares rather than specific trends. It is GDP in constant prices that measure changes in economic output enabling observations of real changes in the GDP.
6. Key labour market and social indicators (xls) are constructed based on IHS (Integrated Household Survey). The IHS methodology combines Lifestyle Survey, Labour Force Survey (LFS) and Living Cost and Food Survey. The IHS Survey is costly and it is understood that it is performed on annual basis. In turn, there is limited intelligence out of the Survey that is used for regional statistics: employment, unemployment (in absolute figures) and poverty rate.
7. Most likely the IHS facility is just not fully utilised for the analysis of regional disparities as the number of indicators computed on that basis is extremely limited, e.g. there is no reference to household budgets, disposable income or salaries.



8. Age cohorts included in the spreadsheet (source: IHS) are not in sync with the age cohorts used for the computation of employment and unemployment rate. There are figures depicting the number of economically active people (as a whole in table N36) but age cohorts for the unemployed (15-24, 25-34, 35-44, 44-54 and 55+) do not correspond to the definition of “economically active people” or “working contingent”. Data provided in the tables cannot be used in comprehensive way as it is the case for fully fledged LFS.
9. There is no analysis of population density or density of infrastructure such as roads, railways; there should be data on the size of the regions or density rate already computed.
10. There are serious gaps in regard to social development and cohesion and territorial development and cohesion themes/indicators in the received source documents. Examples include: gross/net earnings, live births and deaths per 1000 inhabitants, life expectancy, infant mortality, hospital beds per 100,000 of population, physicians and dentists per 100,000 of population, proper LFS-based methodology for employment and unemployment rates (and registered unemployment rate), old age dependency, employment in public vs private sector, teaching staff against pupils/students in each category of education, structure of household income (salaries, wages, pensions, income from agriculture, other income, remittances, etc.), women at work, agricultural land size broken down into arable land, gardens, orchards, vineyards, meadows and pastures, major agricultural produce and yield per ha, livestock production, rural family holdings in no. and size (also average), municipal budgets, heritage sites (UNESCO and domestic standards), waste water (in thousands of m<sup>3</sup>): waste waters total, waste water with sewerage, treated waste water, number or % of households connected to sewage, no. of solid waste landfills and their capacity, no. of enterprises, exports, imports, investments in fixed assets, R&D personnel, R&D expenditure, R&D projects and value, (GERD, BERD), tourism traffic (arrivals, beds, overnights, bed occupancy, length of stay, etc.).
11. Also, there are gaps in information and data pertaining to: number of business entities, their size, turnover, profitability, industrial clusters, innovation zones, industrial zones, their size, legal reference, etc.
12. The study on regional disparities does not provide any explanation on constraints in accessing specific data sets that could be useful for more meaningful analysis of territorial disparities. It is unknown whether GEOSTAT does not capture data on the themes contemplated in the previous para or these data sets had just not been considered for regional planning and programming.

**Part II: Strategic weaknesses**

13. Comparability of data sets with other EU countries: EUROSTAT captures indicators on country level and NUTS-2 level whilst the available regional statistics in Georgia depict data sets on the level

comparable to NUTS-3 unit. Analysis on NUTS-3 level would normally consider **intra- (within NUTS-2) and not inter-regional** disparities.<sup>2</sup>

14. Most of the data sets (except for population and demography) are not available on municipal level making analysis of urban-rural dimension impossible. This limitation also concerns potential review of functional areas e.g. mountainous regions (arguably being one of the key Government priorities<sup>3</sup>), metropolitan areas (such as Tbilisi with its surroundings accounting for more than a third of the country's population and half of the GDP), areas with intensive agricultural production, protected areas, peri-urban agriculture, etc. Lack of specific and distinct data sets on municipal level impedes the introduction of meaningful methodology to measure the level of development (or under-development) of local self-government units.
15. Although Georgian economy relies significantly on tourism specific data on tourism traffic is not collected on regional level. There is significant number of indicators collected on national level but these do not distinguish between domestic and foreign tourism traffic.
16. Census 2014 comes with significant consequences for statistics. It reveals that the population number decreased (previous census held in 2002) by 15% when compared to the yearly update based on the registered life births and deaths. Also, management of data on outward-inward migrations is not properly embedded in regional statistics making analysis of rural-urban migration impossible.
17. Factors determining growth: there is no in-depth analysis that attempts to define competitive and comparative advantage of the region.
18. Frequency of data collection: there are limitations in terms of the frequency of data collection for specific themes; majority of indicators are available for all the years 2011-2014 (and recently updated with figures for 2015) but e.g. data sets on healthcare and social protections are only available for 2014 and 2015, or statistics regarding water used and waste water are only available for 2014. In addition to that there is limited evidence that water usage statistics in section "Environment" are associated with data in section "Infrastructure". GEOSTAT is working with the Ministry of Environment to systematise the approach to data collection with support of statistical offices from Sweden and Poland but the progress is yet to be noted.
19. Availability of some specific data: data on land use is not currently available, similarly to some information on infrastructure (e.g. public transport, deaths caused by traffic, etc.), business statistics (size of companies, employment in the regions). There are also difficulties to collect specific

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<sup>2</sup> Georgian planning regions on average are much smaller in terms of territory and population than NUTS II regions in the EU and thus they don't meet the criteria set by Eurostat. In future further alignment of the Georgian statistical system with the EU legislation may bring a need to establish equivalent NUTS II regions as amalgamation of the planning regions – in this case logical would be to treat them as NUTS III regions. For more on NUTS classification see: Regions in the European Union. Methodologies & Working papers Nomenclature of territorial units for statistics NUTS 2010/EU-27. Eurostat. Methodology and Working paper; Luxembourg: Publications Office of the European Union, 2011

<sup>3</sup> See the Law on the Development of High Mountainous Regions adopted by the Georgian Parliament in July 2017.

data from the territories that are not under Georgian administrative and political control: Abkhazia Autonomous Republic and Tskhinvali Region (former South Ossetia district formally being a part of Shida Kartli region and municipality Akhgori being a part of Mtskheta-Mtianeti region).

20. Given that data sets on land use are not available (except for % representing sown area of annual crops by region – for 2015) these cannot be analysed e.g. in conjunction with forestation index (which is only available in absolute figures, excluding protected areas).



21. There are some methodological concerns regarding e.g. the current computation of unemployment rate. It is understood that in 2017 IHS will be split into: i) Household Income and Expenditure Survey (HIES) and ii) Labour Market Survey (LFS). Only then there will be available more meaningful snapshot of human resources. In addition to that 2017 will mark first survey on absolute poverty figures, in accordance with the World Bank methodology.

## Conclusions

- Though GEOSTAT has recently progressed significantly with work on regional statistics (new interactive website, mapping, new indicators, etc.) there are significant gaps in regard to the availability of regional data sets in Georgia. That impedes sound vertical (bottom-up or top-down) planning and programming in accordance with best EU practice that includes all tiers of territorial administration.
- It is noted that already existing statistics are not fully utilised for the measurement of regional disparities and to inform regional planning and programming. Despite gaps contemplated in the previous paragraph the updated data series available at GEOSTAT appear to be sufficient for more meaningful regional development policy planning process for the years 2018-2020 (perhaps with the exception of integrated territorial planning). Currently GEOSTAT provides data series in 15 categories: population, economic activity (of population), business sector, industry, construction, services (trade, hotels and restaurants, transport and communication), standard of living (for which methodology will be modernised in 2017), healthcare and social protection, education, culture, infrastructure, agriculture, environment, FDI's and GDP.

- Lack of specific data series (or corresponding time intervals for the existing indices) hampers the utility of potential evaluation of the regional policies. Evaluation of the effects of the RDP 2015-2017 and effectiveness of the whole regional policy can only be done when the Programme is sufficiently advanced in implementation and statistical data at regional level is available at least for 3-4 subsequent years.
- Sound benchmarking with EU regions and countries in accession can only be possible when sound NUTS-2 statistical (planning) regions have been established in Georgia.
- For the evaluation purpose, new (result) indicators can be engendered, if required (specific or context indicators, depending on the type of measure or project).

## 4. Recommendations

This section outlines general and specific recommendations pertaining to the data series that were used to-date. Further work will be carried out later in 2017 by the TA Project to include new data sets for the development of the new report on Regional Disparities in Georgia as well new RDP 2018-2020.

### General recommendations

1. GEOSTAT is recommended to start capturing specific statistical indicators which are essential for measuring and describing socio-economic disparities; disaggregation to local self-government unit is essential in the light of the probable introduction of NUTS-2 statistical regions in the future
2. There are scores of existing statistics (already captured by GEOSTAT) but never actually used for the purpose of measuring social and economic cohesion in Georgia; these are recommended for the use in 2017, including during programming exercise for the development of 2018-2020 regional development documents
3. There should be equilibrium across various types of statistics; currently there is e.g. overrepresentation of indicators concerning infrastructure to the detriment of indices covering social cohesion aspects – for that some of those can be removed from the future studies;
4. Georgian government is recommended to commence talks with GEOSTAT/EUROSTAT on the model breakdown of territorial units for statistical purpose. With the total population of approx. 3.7 million the country could be sub-divided into 2-3 NUTS 2 planning regions and then inform NUTS 3 division (equivalent to the current planning regions).

### Specific recommendations to data series currently used (annex 1)

The recommendations below stem from findings and observations illustrated in section 3 of this Report and concern future use of the currently applicable data series (Georgian data series related to the analysis of regional disparities and the future evaluation of RDP). Commentary whether to continue, develop new or drop specific index/indicator is also provided. Specific references were also made as to how to classify indicators vis-à-vis main EU cohesion theme (social, economic and territorial<sup>4</sup> cohesion).

Theme	Indicator	Recommendation/Commentary
Population and demography	Population	Approx. 15% deviation between Census and earlier statistics should be treated with caution for trend analysis. Difficulty to include reliable migration data may blur the broader picture. No. of population should be paired with the size of country and each region to analyse population density. (TC)
	Population by sex	No regional breakdown. To be omitted until complete data is available (SC)

<sup>4</sup> Territorial cohesion aspects are associated with the general approach included in *Green Paper on Territorial Cohesion. Turning territorial diversity into strength* COM (2008) 616 final (SEC(2008) 2550); abbreviations used further in the text refer to: TC - territorial cohesion, SC - social cohesion and EC - economic cohesion

Theme	Indicator	Recommendation/Commentary
	Population by age	No regional breakdown. To be omitted until complete data is available (SC)
	Population by ethnicity	Available from Census but on municipal level; must be aggregated (SC)
	No of IDP's	No comment (SC)
Physical infrastructure	Length of road network by category	To be paired with size of region in order to compute road density (TC)
	Annual Average Daily Traffic for international and national (secondary) roads	This indicator is collected by MRDI; the methodology should be reviewed whether it is suitable also to: 1) capture daily migration (home-work), 2) measuring Actual Traveling Time between key cities and towns and Equivalent Straight Line Speed (TC)
	International Roughness Index for international and national (secondary) roads	Collected on national level only. Suitable for transport sector policy. Can be removed from regional analysis. (TC)
	Length of operating railway lines	Collected on national level only. Suitable for transport sector policy. Can be removed from regional analysis. (TC)
	Volume of cargo carried by rail	Collected on national level only. If not paired with capacity in main hubs then indicator does not have any value and can be removed (TC)
	Volume of cargo carried by road	Collected on national level only. If not paired with capacity in main hubs then indicator does not have any value and can be removed (TC)
	Volume and % of cargo handled by Tbilisi airport	Indicator unclear and its relevance must be further investigated or removed from analysis (TC)
	Volume and % of passengers handled by Tbilisi airport	Indicator unclear and its relevance must be further investigated. Is there analysis of the volume of passengers handled by other airports? (TC) The indicator may be skipped in further analysis
	% of households with internal water supply	Definition of indicator unclear. Must be reviewed in the context of GEOSTAT data on infrastructure xls spreadsheet "Water" (TC)
	% of households with 24-hour water supply	Definition of indicator unclear. Data collected only for some urban areas by GWP/UWSC; must be further reviewed in the context of GEOSTAT data on infrastructure xls spreadsheet "Water"; indicator may be removed if irrelevant (TC)
	Losses from water pipe network	Definition of indicator should be reviewed, including frequency of its collection or removed from future analysis (TC)
	% of households with heating/hot water systems	No comment (TC)
	Amount of electricity produced	Can be removed from analysis
	% of households with electricity connection	According to GEOSTAT almost all households are connected to electrical grid: data on Infrastructure xls spreadsheet "Comfort" (TC). Indicator can be removed from specific analysis.

Theme	Indicator	Recommendation/Commentary
	% of national demand for electricity met from own resources	Indicator suitable for sectoral policy; can be removed (TC)
	% of households with individual electricity meters	Indicator suitable for sectoral policy; can be removed
	% of population with internet access	Data on ICT is collected occasionally by GEOSTAT (latest in 2016) and depicts data for households and enterprises (TC)
	<b>Nota Bene:</b> <ol style="list-style-type: none"> <li>For transport as such data shall be captured and analysis carried out for main transport hubs (passenger, freight, and multi-modal transport facilities, including sea ports)</li> <li>There must be data on healthcare infrastructure included in analysis; source: GEOSTAT, theme: healthcare and social protection, xls spreadsheet "Main"</li> </ol>	
Environment	Air pollution/emissions	Data at GEOSTAT available only for 2013 and 2014; can be used to portray a snapshot only, not for in-depth analysis (TC)
	Number of households connected to sewerage system	No comment (TC)
	Volume/% of solid waste treated to specified standards	No comment (TC)
	Number/% of environmentally at risk sites provided with protective infrastructure	No comment (TC)
	Natural hazards and related infrastructure	No comment (TC)
	<b>Nota Bene:</b> <ol style="list-style-type: none"> <li>Data on forestry should be deepened – currently there is data on forests which does not include protected areas; data should be paired with size of region to compute forestation index</li> <li>Various aspects of waste water treatment should be analysed in the context of xls spreadsheet "Water indicators" from GEOSTAT where data includes waste water discharged directly into surface water</li> </ol>	
Economic Structure and Indicators	GVA	No comment (EC)
	GVA by sector	No comment (EC)
	<b>Nota Bene:</b> <ol style="list-style-type: none"> <li>There should be indices concerning: number of enterprises, their size, turnover, number of employed, export/import (currently unavailable on regional level), investment in fixed assets</li> <li>Data on construction sector can also be used after verification of their relevance (e.g. no of construction permits) and cross-checks with total turnover of enterprises; verification should also include understanding if data on "construction" is a subset of "industry" or separate</li> <li>Specific section on services shall be introduced (GEOSTAT "Service Areas)</li> <li>There shall be data sets collected on the structure of arable land (current indicator only provides information on "sown area of annual crops by region")</li> <li>Basic data on agricultural production must be included from GEOSTAT xls spreadsheet</li> <li>Methodological approach must be reviewed as the aggregation/disaggregation of all data on enterprise sector</li> </ol>	
Labour Market, Education and Training	Number of employed	See commentary below (SC)
	Number of self-employed	See commentary below (SC)
	Number employed by sex	See commentary below (SC)
	Number employed by sector/activity	See commentary below (SC)

Theme	Indicator	Recommendation/Commentary
	Number economically active	See commentary below (SC)
	Number of unemployed	See commentary below (SC)
	Number of unemployed by sex	See commentary below (SC)
	Number unemployed by age group	See commentary below (SC)
	Number unemployed by duration of unemployment	See commentary below (SC)
	Number of institutions providing VET training (specify public or private)	See commentary below (TC)
	Number of students admitted to VET courses (by sex)	See commentary below (SC)
	Number of graduates from VET courses (by sex)	See commentary below (TC)
	Number of VET teachers (by sex)	See commentary below (TC)
	<p>Nota Bene:</p> <ol style="list-style-type: none"> <li>1. The entire section must be reviewed in the context of the introduction of LFS in 2017 – there may be significant changes between results obtained through IHS and those through LFS</li> <li>2. There should be data sets on tertiary education (there are figures on the number of Higher Education Institutions but no data series on students per region – only national)</li> <li>3. Labour market should be a separate subset of SC indicators (some new indicators should be included and quoted in %: employment rate, unemployment rate, rate of economically active population); absolute figures can be used to portray the distribution of working contingent across the regions and paired with the distribution of population; (these are already captured by GEOSTAT)</li> <li>4. GEOSTAT does not publish employment/unemployment figures broken down per sex and age groups</li> </ol>	
Investment Innovation and Technological Development	Gross fixed capital formation	This structural indicator is a subset of GDP computation and should be paired with indicators on economic structure, business and industry (EC)
	Foreign Direct Investment	This indicator should be included in economic structure indicators (EC)
	Ownership of businesses (Georgian/external) by number of businesses	Same as above (EC)
	Ownership of businesses (Georgian/external) by value of output	Same as above (EC)
	<p>Nota Bene:</p> <ol style="list-style-type: none"> <li>1. Data on innovation activity (only national level) is available and can be used for information purpose</li> <li>2. In the context of the likely introduction of “Smart Specialisation” national/regional data on R&amp;D centres must be collected</li> <li>3. Indicators such as BERD and GERD are not available – GEOSTAT is recommended to start collecting such data</li> </ol>	
Income & Poverty	Poverty rate Share of population under 60% & 40% of median consumption	See Nota Bene notes below (SC)
	Number of subsistence allowance recipients	See Nota Bene notes below (SC)
	<p>Nota Bene:</p> <ol style="list-style-type: none"> <li>1. The replacement of IHS methodology with LFA and HIES may result in deviation of data between 2016 and previous years and results should be treated with caution</li> </ol>	



Theme	Indicator	Recommendation/Commentary
	<ol style="list-style-type: none"> <li>2. In the absence of LFS and HIES in early 2016 there may be a need to continue with carefully selected indicators computed for previous years</li> <li>3. Data sets on standard of living contain absolute figures; they should be ideally converted into indicators presenting % share for the type of income and expenditure in totals (“standard of living” spreadsheet by GEOSTAT)</li> <li>4. New indicators on dependency rate should be computed when age cohorts for inactive population are available (GEOSTAT is recommended to start publishing more complete results of IHS/LFS)</li> </ol>	
Culture and Tourism	Number of tourists (external/domestic)	See Nota Bene notes below (EC)
	Number of tourist accommodation units	See Nota Bene notes below (EC)
	<p>Nota Bene:</p> <ol style="list-style-type: none"> <li>1. This theme is underrepresented in the analysis since tourism and culture are important for Georgian economy and can form economic opportunities for many</li> <li>2. Data on museums and theatres shall be included in analysis (spreadsheet “culture” by EUROSTAT)</li> <li>3. Data sets on tourism should be checked against the methodology used to compute the statistics before analysis has been carried out and total numbers are recommended for collection; introduction of anew indicator for average duration of stay (overnights) should be investigated (e.g. also for tourism strategy development purpose)</li> </ol>	

**Attachment (in excel format): Proposed Data Set for Measuring Regional Cohesion in Georgia**

## Annex 1. Georgian data series related to the analysis of regional disparities and the future evaluation of RDP. October 2015

	A. Indicator	B. Date of information in RDP	C. Most recent value available and source	D. Geographic level	E. Frequency
<b>Population and Demography</b>					
1.	Population	Based on Population census of 2002 and subsequent surveys	End 2014 (new 2014 census) - Geostat	Municipality, by urban and rural division	Annual
2.	Population by sex	As above	End 2014 - Geostat	National	Annual
3.	Population by age band	As above	End 2014 - Geostat	National	Annual
4.	Population by ethnicity	2002	Population Census of 2002 – new (2014) data not yet available	Municipality	
5.	Number of IDPs	unspecified	September 2014  Ministry of Internally Displaced Persons from the Occupied Territories Accommodation and Refugees of Georgia	Sub-regional locality	Annual
<b>Physical Infrastructure</b>					
6.	Length of road network by category of road	2013	End 2014 - Geostat	Regional	Annual
7.	Annual Average Daily Traffic (AADT) for International and National (Secondary) Roads	n/a	2013 - MRDI Roads Department	National	3 times per annum (in spring, summer and winter)
8.	International Roughness Index (IRI) for International and National (Secondary) Roads	n/a	2013 - MRDI Roads Department	National	Annual for International Roads and Bi-Annual for Secondary Roads
9.	Length of operating railway line	unspecified	End 2014 - Georgian railway Authority	National	Annual (end of year)

10.	Volume of cargo carried by rail	n/a	End 2014 - Georgian railway Authority	National	Annual (end of year)
11.	Volume of cargo carried by road	unspecified	End 2014 - MOESD	National	Annual (end of year)
12.	Volume and % of cargo handled by Tbilisi airport	2012	End 2014 - Georgian Civil Aviation Authority	National	Annual (end of year)
13.	Volume and % of passengers handled by Tbilisi airport	unspecified	End 2014 - Georgian Civil Aviation Authority	By airport	End of year
14.	% of households with internal water supply	2013	2014 – IHS, Geostat	Regional (some combined)	Annual
15.	% of households with 24-hour water supply	2000	Georgian Water and Power (GWP) for Tbilisi, Rustavi, Mtskheta and United Water Supply Company (UWSC) for the rest	Specific Cities	Annual
16.	Losses from water pipe network	2006	UWSC	Cities	Annual
17.	% of households with heating/hot water systems	2013	2014 - IHS, Geostat	Regional (some combined)	Annual
18.	Amount of electricity produced		2014 - Business statistics	National	Annual
19.	% of households with electricity connection	2013	2014 - IHS, Geostat	Regional	Annual
20.	% of national demand for electricity met from own resources	2013	2013 Geostat	National (this is really a national issue)	Annual

21.	% of households with individual electricity meters		Target of 100% by 2016		
22.	% of population with internet access	2013	2014 - IHS, Geostat	Regional (some combined)	Annual
<b>The Environment</b>					
23.	Air pollution/emissions	2010	2013 - Ministry of Environment	Regional	Annual
24.	Number of households connected to sewerage system	2013	2014 (%) - IHS, Geostat	Regional (some combined)	Annual
25.	Volume/% of solid waste treated to specified standards	n/a	Georgian Solid Waste Management Company	Regional (except Adjara and Tbilisi)	Monthly
26.	Number/% of environmentally at risk sites provided with protective infrastructure	unspecified	2015 - Georgian Solid Waste Management Company	Regional (except Adjara and Tbilisi)	Annual
27.	Natural hazards and related infrastructure	unspecified	2015 - Georgian Solid Waste Management Company	Regional (except Adjara and Tbilisi)	Annual
<b>Economic Structure and Indicators</b> (NB – there are virtually unavoidable methodological limitations on regional accuracy).					
28.	GVA	2013 - preliminary	National Accounts - Nominal GDP up to mid-2015 by November	National /Regional	Quarterly for national, annual for regional
29.	GVA by sector and activity (primary, secondary, tertiary, agriculture, forestry, construction etc)	2012	National Accounts - Up to 2013 only “Production value by type of ownership” quarterly – national. Up to 2015	National /Regional	Annual
<b>Labour Market, Education &amp; Training</b> (NB – there are significant methodological limitations especially regarding rural underemployment).					

30.	Number employed	2013	2014 - IHS, Geostat	Regional	Annual
31.	Number of self-employed	unspecified	2014 - IHS, Geostat	Regional	Annual
32.	Number employed by sex	unspecified	2014 - IHS, Geostat	Regional	Annual
33.	Number employed by sector/activity	unspecified	2014 - IHS, Geostat	Regional	Annual
34.	Number economically active	unspecified	2014 - IHS, Geostat	Regional	Annual
35.	Number unemployed	unspecified	2014 - IHS, Geostat	Regional	Annual
36.	Number unemployed by sex	unspecified	2014 - IHS, Geostat	Regional	Annual
37.	Number unemployed by age group	unspecified	2014 - IHS, Geostat	National	Annual
38.	Number unemployed by duration of unemployment	unspecified	2014 - IHS, Geostat	Regional	Annual
39.	Number of institutions providing VET training (specify public or private)		2014 - Geostat	Regional	Annual
40.	Number of students admitted to VET courses (by sex)		2014 - Geostat	Regional	Annual
41.	Number of graduates from VET courses (by sex)		2014 - Geostat	Regional	Annual
42.	Number of VET teachers (by sex)		2014 - Geostat	Regional	Annual
<b>Investment Innovation and Technological Development</b>					
43.	Gross fixed capital formation	unspecified	Mid 2015 - National Accounts	National	Quarterly

44.	Foreign Direct Investment	2014 first quarter	Mid 2015 - Geostat	Regional	Quarterly
45.	Ownership of businesses (Georgian/external) by number of businesses	unspecified	Geostat	Regional	Annual
46.	Ownership of businesses (Georgian/external) by value of output	unspecified	Geostat	Regional	Annual
<b>Income &amp; poverty</b>					
47.	Poverty rate Share of population under 60% & 40% of median consumption	2013	2014 - IHS, Geostat	Regional	Annual
48.	Number of subsistence allowance recipients	2014	MoLHSA	Municipal	Annual
<b>Culture &amp; recreation</b>					
49.	Number of tourists (external/domestic)	2013	Domestic visitors' survey, Geostat - 2015 Georgian National Tourism Administration	Regional – domestic tourist figures National only for foreign figures	Quarterly Annual only for foreign figures
50.	Number of tourist accommodation units	unspecified	Georgian National Tourism Administration	Regional	Annual

**Annex II. The regional data base of GEOSTAT currently (January 2017) include following indicators:**

**Population:** Population for the Beginning of the Year, Number of Live Births, Number of Deaths, Number of Deaths by age and sex, Number of Deaths by causes of death, Infant Deaths; Number of Still births; natural increase, Number of Marriages, Number of Divorces.

**Human Resources:** Number of active population (labour force), employed, hired employed, self-employed, unemployed and population outside of labour force; Rate of unemployment, employment and economic activity.

**Business Sector:** Main indicators of Business Sector (Turnover, Production value, Number of employed persons, Average monthly remuneration of employed persons) by size of enterprise, ownership types and kind of economic activity.

**Industry:** Main indicators of industry sector: (Turnover, Production value, Number of employed and employees, Average monthly remuneration of employed persons, Investments in fixed assets, Intermediate consumption, Personnel costs, Value added, Total purchases of goods and services.

**Construction:** Main indicators of construction sector: (Turnover, Production value, Number of employed and employees, Average monthly remuneration of employed persons, Investments in fixed assets, Intermediate consumption, Personnel costs, Value added, Total purchases of goods and services, Permissions granted for construction and completed objects.

**Service areas:** Main indicators of trade, transport and communications, hotels and restaurants sector (Turnover, Production value, Number of persons employed and employees, Average monthly remuneration of employed persons, Value added, Investment in fixed assets, Intermediate consumption, Personnel costs, Total purchases of goods and services, Purchases of goods and services for resale).

**Standard of Living:** Distribution of Households' incomes and expenditures

**Health care and social protection:** Number of hospitals, number of medical institutions rendering outpatient services to population, number of hospital beds, number of physicians of all specialties and paramedical personnel, number of visits in medical institutions rendering outpatient services to population, number of pension recipients, number of helpless families registered in the unified database and receiving subsistence allowance.

**Education:** Number of General Education Schools and Pupils in them; Number of Higher Education Institutions.

**Culture:** Number of cultural institutions (museums, theatres) according to the services rendered (Number of visitors, number of exhibitions and excursions in museums, attendance and number of performances of theatres).

**Infrastructure:** The percentage share of the households provided with electricity or central system of gas supply, percentage distribution of the households by the basic supply sources of the drinking water. Length of transport ways: a) International road (km.); b) Secondary road (km.).

**Agriculture:** Crops and crops the area, production and average yield, production of many crops, live-stock and poultry livestock, livestock production.

**Gross Domestic Product:** Gross value added by kind of economic activity.