



MONTENEGRO
STATISTICAL OFFICE

METHODOLOGICAL GUIDELINES

Minimal consumer basket

- Revision -

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THE LEGAL BASIS

Minimal consumer basket are conducted according to Law on Official Statistics and Official Statistical System of Montenegro (Official Gazette of Montenegro No. 18/12) and Annual Plan for Statistical Surveys for 2018 (Official Gazette of Montenegro No. 03/18).

Conclusion of Statistical Council

In 2016, the Statistical Office of Montenegro launched a pilot project 'Revision of the Methodology of the Minimal Consumer Basket' at the request of the Statistical Council. The assumption of launching a project is that in relation to the minimal consumer basket created in 2009 there were some changes in the habits of consumers by the emergence of new products and services, lifestyle change, etc. The Project of revision was implemented in cooperation with the Institute of Public Health and the World Bank, which provided expert assistance. Consultations with social partners were held. According to the Law on Official Statistics and the Official Statistics System, takes into account data users. At the session held on May 8, 2017, information of revision Minimal Consumer Basket methodology was accepted and supported the Statistical Office of Montenegro to continue activities on publication of the Minimal Consumer Basket.

METHODOLOGICAL BASIS

2. Aim and purpose of survey

The minimal consumer basket refers to household consumption including food and non-food products and services which ensure the maintenance of life and working capacity of household members.

The aim of the survey refers to determinate the value of minimal basket for household of four-member, to meet minimum needs including food and non-food products and services, based on the consumption recorded by households in the Household Budget Survey.

3. Source of data

The main data sources used in creating of new revised consumer basket was the Household Budget Survey conducted by Statistical Office of Montenegro in 2015 and Population Census conducted by Statistical Office of Montenegro in 2011.

The Household Budget Survey is harmonised with international standards and recommendations of EUROSTAT and the UN, which ensure international comparability of data. The survey collects data on household income and consumption, data on basic elements of personal consumption, as well as data on some important indicators of living standards (housing conditions, supplies to durable consumer goods, etc.) and basic data on demographic, economic and sociological characteristics of households.

4. Minimal food basket 2016

4.1 Minimum standard energy intake of food – caloric value

The Department of Nutrition for Health and Development of WHO, in collaboration with the FAO, continually reviews new research and information around the world on human nutrient requirements and recommended nutrient intakes. Essential human nutrients include protein, energy, carbohydrates, fats and lipids, a range of vitamins, host of minerals, etc. In a specified age and sex group, the amount of dietary energy per person is the amount considered adequate to meet the energy needs for maintaining a healthy life and carrying out light physical activity. In the entire population, the minimum energy requirement of 2 211 Kcal per day per person, calculated as is the weighted average of the minimum energy requirements of the different age and sex groups in the population. The value was maintained in 2016 because there were no substantial changes in the age and gender structure of population during this period.

4.2 List of products in minimal food basket

The new revised consumer basket contains 92 food products, compared to the previous one containing 130 food products. In the basket, the ratio of groups, reduced cereals, increased fruits and vegetables, and an acceptable share of nutrients, which is close to the previous consumer basket, has been achieved. Despite the fact that some food products are excluded, caloric value is kept at the same level as the previous consumer basket of 2 211 kilocalories daily, per person, following the minimal recommendations of WHO and USDA Food Guide 2010 requirements. The main criteria used for excluding the certain products from the initial basket were refer to products with consumption share less than 0.1%, as well as some non-essential food items, such as mayonnaise, ketchup, potato chips, etc. On the other hand, other food items, such as baby food, dark bread and so on, despite their low consumption shares, remained in the basket. Excluded products have minimal impact on the value of the consumer basket of food and have a nutritional substitution.

4.3 Reference population

The choice of the reference population for the minimal food basket has been guided by the expectation that it should correspond approximately to the population of households near the poverty line – thus reflecting food consumption that is near the poverty line (reflecting a minimum food basket that is not “too” poor and not overly rich). The food basket of this group is meant to capture the food consumption patterns for the relevant relatively low-income population.

The reference population of the new revised consumer basket refers to the second, third and fourth decile of populations. Deciles represent one-tenth of the population, where households are ranked in groups according to the per capita consumption, with each group having the same number of households. Thus, the first decile represents 10 percent of the poorest population, while the 10th decile represents 10 percent of the richest population.

5. Non- food products and services

There are no formal minimal requirements for the consumption of non-food items and services; therefore, in order to estimate the minimal non-food basket, the shares of food vs non-food and services in the minimal consumer basket were estimated.

The following groups of products are excluded from consumption of non-food products: cigarettes and tobacco, housing rents (actual and imputed), purchase of new cars, holidays abroad, cannot be treated as a luxury, and the cost of the minimum is recorded in the basket.

6. Minimal consumer basket for household of four members

The average household size in Montenegro is about 3.2. However, based on Census data, the largest share in total were households of four members. Consequently, the minimal consumer basket was estimated for a four-member household.

7. Imputed housing rent

Revised minimal consumer basket does not include the value of imputed rent. There are three reasons for exclusion. The first reason is that rents vary significantly both spatially and temporally. The second reason, only around 8% of Montenegro households paid actual housing rents based on Household budget survey in 2015. Also, Population Census data in 2011, show that more than 90 percent of households in Montenegro owned houses¹. The third reason is comparative practice (imputed rent is not part of the minimal basket in the countries who produce this statistic), as well as the recommendations of World Bank expert.

8. Monthly updates of value minimal consumer basket

Data of minimal consumer basket are published monthly.

For calculating the value of minimal expenditure for food and non-alcoholic beverages, an average prices in current months and monthly quantity in kg of four-member household are used. For calculating the value of non-food products and services indices of consumer prices (CPI) are used.

9. Harmonization with EU requirements

Minimal consumer basket is a national survey, there is no internationally comparable methodology, the value not used to make any decision that directly affects the citizens of Montenegro. No law defines a consumer basket as a basis for determining some rights that citizens can obtain (social benefits, salaries, pensions), nor imposing obligations (taxes, contributions, etc.). The "production" of this data is not binding in the process of joining the EU. The only standard that is prescribed for calculating the minimal consumer basket is the minimum amount of calories that must be brought into the body on a daily basis, in order to function normally (a standard of 2100-2300 calories, according to FAO and WHO).

¹ <http://www.monstat.org/userfiles/file/popis2011/saopstenje/domac%20i%20porodice%20,%20en-za%20sajt.pdf>

10. Confidentiality and protection of individual data

Collected data from the survey represent an official secret, in accordance to Articles 55 and 56 of the Law on Official Statistics and Official Statistical System of Montenegro ("Official Gazette of Montenegro", No. 18/12).

11. Dissemination of data

Minimal consumer basket is published according to the Calendar of Statistical Surveys in form of monthly Release on the MONSTAT website www.monstat.org.

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