



An Overview of Poverty Measurement in Bosnia and Herzegovina



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Content

- Background
- Methodology of poverty measurement in Bosnia and Herzegovina
- Recent efforts in harmonizing poverty methodology
- Conclusions and future steps

Background (1)

- Poverty is still one of the most pervasive problems in the overall human development
- Millions of people live in extreme poverty, i.e. with less than the international poverty line of US\$1.90 a day or making just a little more than this amount
- SDGs 2030 treat this problem within SDG 1-No poverty

Background (2)

- There are two main methodological issues defining poverty assessment methods:
 - (i) which monetary measure of well-being is used: consumption expenditure or income, and
 - (ii) which poverty line is used: absolute or relative?
- There is also a question about the survey used for data collection



Methodology of poverty measurement in Bosnia and Herzegovina (1)

- First poverty assessments in Bosnia and Herzegovina were made in 2001 and 2004 within the **Living Standards Measurement Survey (LSMS)**
- Survey instruments consisted of following modules:
 - **M1**: Roster of household members; **M8**: Migration;
 - **M2**: Housing; **M9**: Social assistance;
 - **M3**: Education; **M10**: End of first visit;
 - **M4**: Health; **M11**: HH`d consumption;
 - **M5**: Labor; **M12**: Non-agricultural household business
 - **M6**: Credit;
 - **M7**: Voucher/Certificate; **M13**: Agricultural activit.

Methodology of poverty measurement in Bosnia and Herzegovina (2)

- World Bank methodology of **absolute poverty** was applied
- **Consumption expenditure** was used as a monetary measure of poverty
- Following poverty and inequality indicators were produced:
 - (i) Head Count;
 - (ii) Poverty Gap;
 - (iii) Severity of Poverty;
 - (iv) Shortfall.
 - a) Gini coefficient;
 - b) Gini coefficient using OECD scale;
 - c) Theil index;
 - d) Entropy index;
 - e) S90/S10;
 - f) S50/S10;
 - g) S90/S50.

Methodology of poverty measurement in Bosnia and Herzegovina (3)

The majority of poverty and inequality indicators were disaggregated by:

- regions (Bosnian entities);
- type of location (urban, rural and mixed);
- age;
- war displacement status;
- education of the head of household;
- employment status of the head of household;
- employment status of adults and
- household size.

Methodology of poverty measurement in Bosnia and Herzegovina (4)

- Since 2004, **Household Budget Survey (HBS)** was designed for measuring poverty
- European methodology of **relative poverty** was applied
- **Consumption expenditure** of households by COICOP was used as a monetary measure of well-being
- Three survey instruments were used for data collection:
 - a) Diary of purchase;
 - b) Self-consumption diary;
 - c) Final interview.



Methodology of poverty measurement in Bosnia and Herzegovina (5)

- Following poverty and inequality indicators were calculated:
 - (i) Poverty incidence at household level; a) Gini coefficient
 - (ii) Poverty incidence at individual level; b) S80/S20.
 - (iii) Poverty gap.
- HBS was conducted four times: 2004, 2007, 2011 and 2015



Methodology of poverty measurement in Bosnia and Herzegovina (6)

The majority of these indicators were disaggregated by:

- regions (Bosnian entities and Brcko district BiH);
- type of location (urban, rural);
- type of households;
- size of households;
- age of the head of household;
- sex of the head of household;
- education of the head of household;
- employment status of the head of household;
- age of household members;
- sex of household members.



Recent efforts in harmonizing poverty methodology

(1)

- Strategic orientation to the harmonization of statistical methodologies to European standards and regulations
- Two pilot EU-SILC in 2015-2017
- Income as monetary measure of poverty
- EU methodology of relative poverty (60% of national median household equalized income) and modified OECD scale
- Survey instruments designed for data collection:
 - a) Household questionnaire and
 - b) Household member questionnaire.

Recent efforts in harmonizing poverty methodology (2)

- The design of pilot ILC surveys allowed the calculation of following poverty and inequality indicators:
 - (i) At-risk-of-poverty rate; coefficient;
 - (ii) At-risk-of-poverty rate before social transfers;
 - (iii) Relative at-risk-of-poverty gap;
 - (iv) People at-risk-of-poverty or social exclusion;
 - (v) Persistent at-risk-of-poverty rate (in future).
- a) Gini coefficient;
- b) b) S80/S20.



Recent efforts in harmonizing poverty methodology (3)

The majority of these indicators can be disaggregated by:

- regions (Bosnian entities and Brcko district BiH);
- type of location (urban, rural);
- type of household;
- size of household;
- work intensity of household;
- tenure status;
- age of household members;
- sex of household members;
- education of household members;
- employment status of household members;
- disability;
- receipt of social transfers.



Conclusions and future steps

- Evident methodological improvement was done in order to introduce and to standardize the poverty measurement in B&H
- There is still a lot of room for improvements, especially regarding following issues:
 - (i) master sample on the basis of 2013 Population census results;
 - (ii) full-scale EU-SILC in 2019/2020;
 - (iii) increasing the quality of income data;
 - (iv) methodological and software support in data editing and imputations phases;
 - (v) assistance in net-gross conversion of EU-SILC income variables;
 - (vi) assistance in calculation of cross-sectional and longitudinal weights and standard errors of survey estimates;
 - (vii) support in production of complex social indicators;
 - (viii) adequate software support is needed (SAS).





Thank you for the attention!

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