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
• 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; a) Gini coefficient;
  (ii) Poverty Gap; b) Gini coefficient using OECD scale;
  (iii) Severity of Poverty; c) Theil index;
  (iv) Shortfall. 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) 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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