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Approaches in Measuring Subjective Poverty in Bosnia and Herzegovina

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UNECE Group of Experts on Measuring Poverty and Inequality,
8-9 December 2022, Geneva, Switzerland



Measuring Poverty (1)

- There are various poverty measurement.
- The majority of them are monetary based poverty indicators.
- Household income or consumption expenditure are monetary aggregates used for the production of poverty indicators.
- Several poverty indicators are highly standardized and used as official national poverty measures produced by national statistical offices.
- They are considered as „objective“ poverty measures and are used in strategies for poverty reduction.
- Monetary poverty indicators are not exhaustive poverty measures.
- There is a need for inclusion of non-monetary factors in poverty measurement.

Measuring Poverty (2)

➤ First new approaches introduced:

- POLI-Physical Quality of Life Index
- HDI-Human Development Index and
- MPI-Multidimensional Poverty Index

➤ These included new dimensions to poverty measurement:

- Infant mortality
- Life expectancy
- Education
- Health
- Living standard factors

➤ But, they are still a kind of „objective“ or expert constructed poverty measures.



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Measuring Poverty (3)

- A more complete approach to poverty analysis should include another dimension in the poverty calculation – subjective poverty or subjective assessment of the wellbeing.
- Subjective poverty measures should complement the monetary or objective poverty indicators.
- In such a way, the multidimensional nature of the poverty could be covered.

Measuring Subjective Poverty in B&H (1)

- Poverty in B&H is still measured on the basis of consumption expenditure data collected from HBS.
- The methodology of poverty indicator calculation is not fully harmonized with EU standards (consumption approach is used).
- Since 2011 HBS instruments extended with new module on social inclusion in order to compensate the lack of EU-SILC.

Measuring Subjective Poverty in B&H (2)

- Three poverty concepts used in this analysis:
 - relative poverty
 - material poverty, and
 - subjective poverty.

- Relatively poor were those households whose per capita consumption is below the national relative poverty line. The national relative poverty line was set to 60% of median of the per capita consumption expenditure equalized by using OECD modified equivalence scale.

Measuring Subjective Poverty in B&H (3)

- Those households that were deprived of 4 out of 8 items of material deprivation were marked as materially poor.
- We used 8 instead of 9 items of the material deprivation since data for one item (cannot afford a telephone) could not be properly calculated.

Measuring Subjective Poverty in B&H (4)

➤ For the definition of subjective poverty, we used a survey question, which is a proxy of The Center for Social Policy Poverty Line (Duvoux and Papuchon, 2019). This question reads as follows:

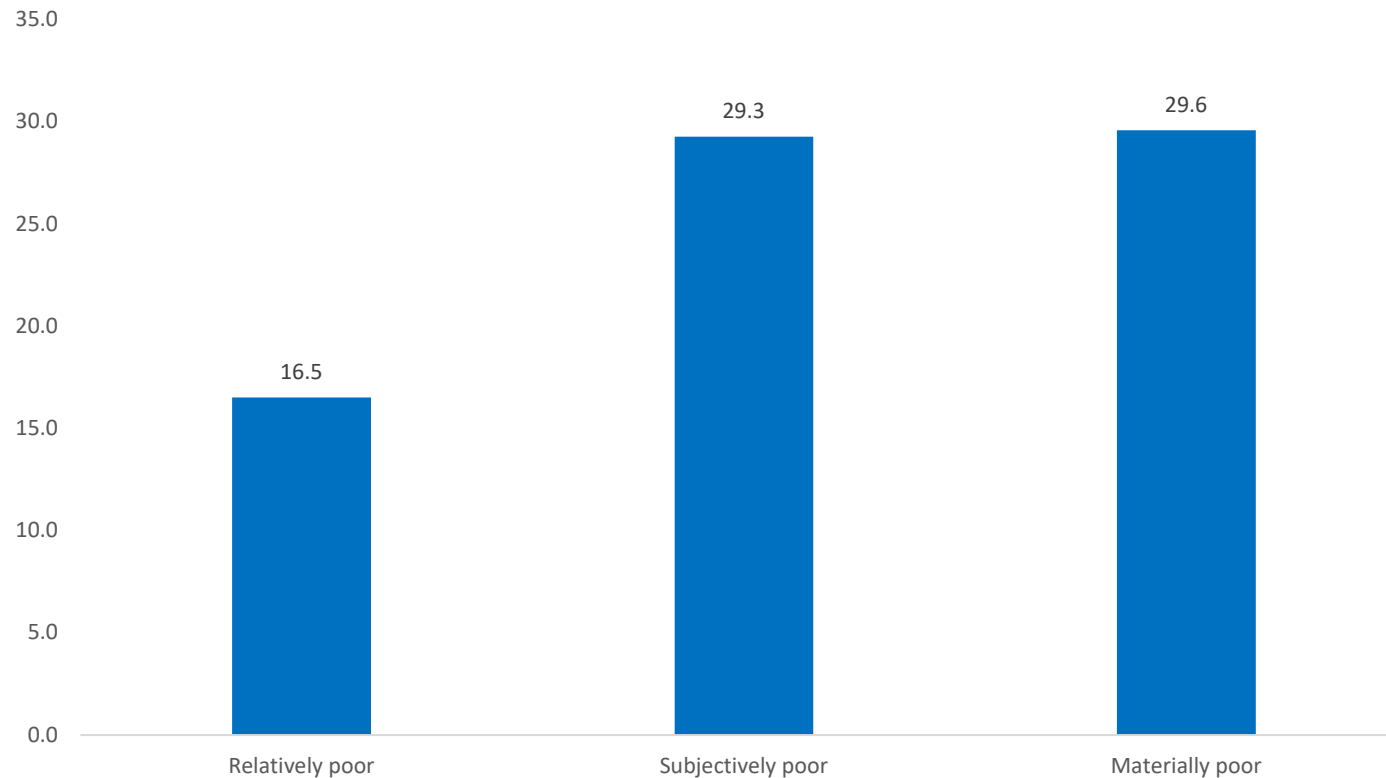
“In your opinion, how does your household survive (to make ends meet):

- very difficult
- difficult
- with certain difficulties
- not just easy
- easy
- very easy?”

➤ Households that reported very difficult or difficult surviving were considered subjectively poor for the purpose of this paper.

Results (1)

- Graph 1. Poverty indicators in Bosnia and Herzegovina (%), 2015



Results (2)

➤ Table 1. Consumption (relative) and subjective poverty (%), 2015

	Relatively non-poor	Relatively poor	Total
Subjectively non-poor	90,3	9,7	100
Subjectively poor	66,9	33,1	100
Total	83,5	16,5	100

➤ Table 2. Consumption (relative) and material poverty (%), 2015

	Relatively non-poor	Relatively poor	Total
Materially non-poor	90,3	9,7	100
Materially poor	67,1	32,9	100
Total	83,5	16,5	100



Results (3)

➤ Table 3. Subjective and material poverty (%), 2015

	Subjectively non-poor	Subjectively poor	Total
Materially non-poor	86,8	14,2	100
Materially poor	34,9	65,1	100
Total	70,7	29,3	100

- Monetary and subjective poverty and monetary and material poverty overlap in Bosnia and Herzegovina in some extent, but, it is evident that they refer to partially distinct social groups.



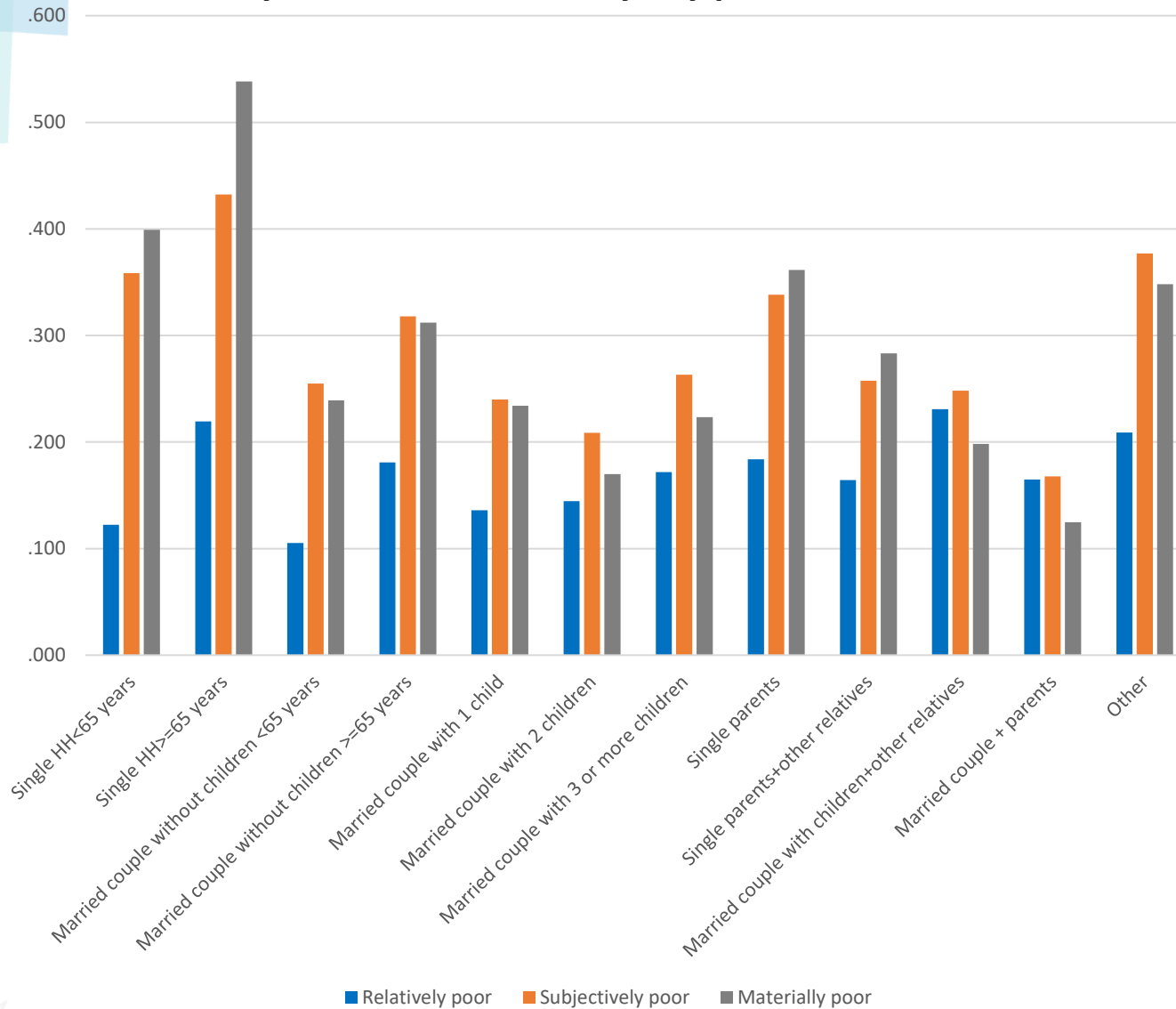
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Who is poor in B&H? (1)

➤ Graph 2. Poverty indicators by types of households (%), 2015



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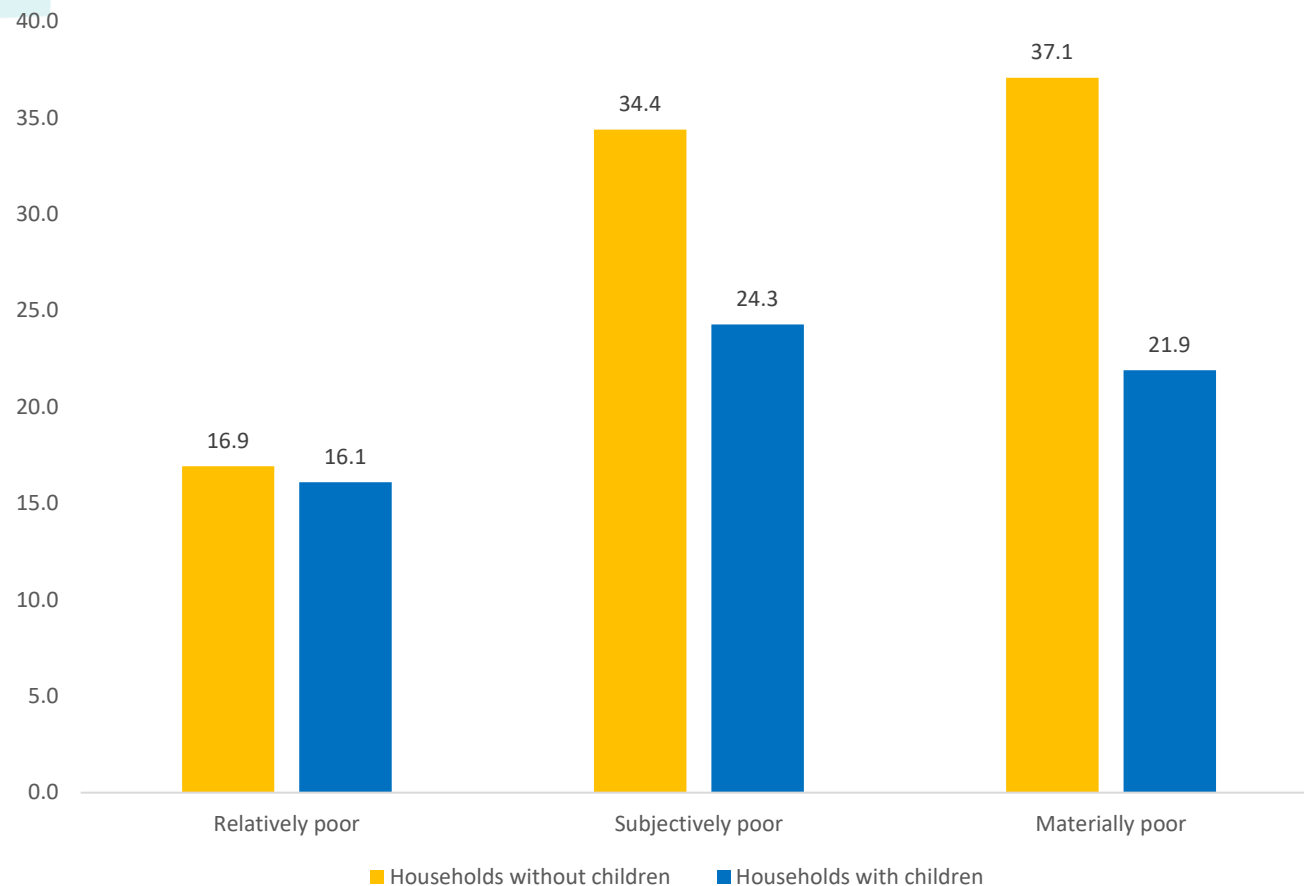
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Who is poor in B&H? (2)

➤ Graph 3: Poverty indicators by households with and without children (%), 2015

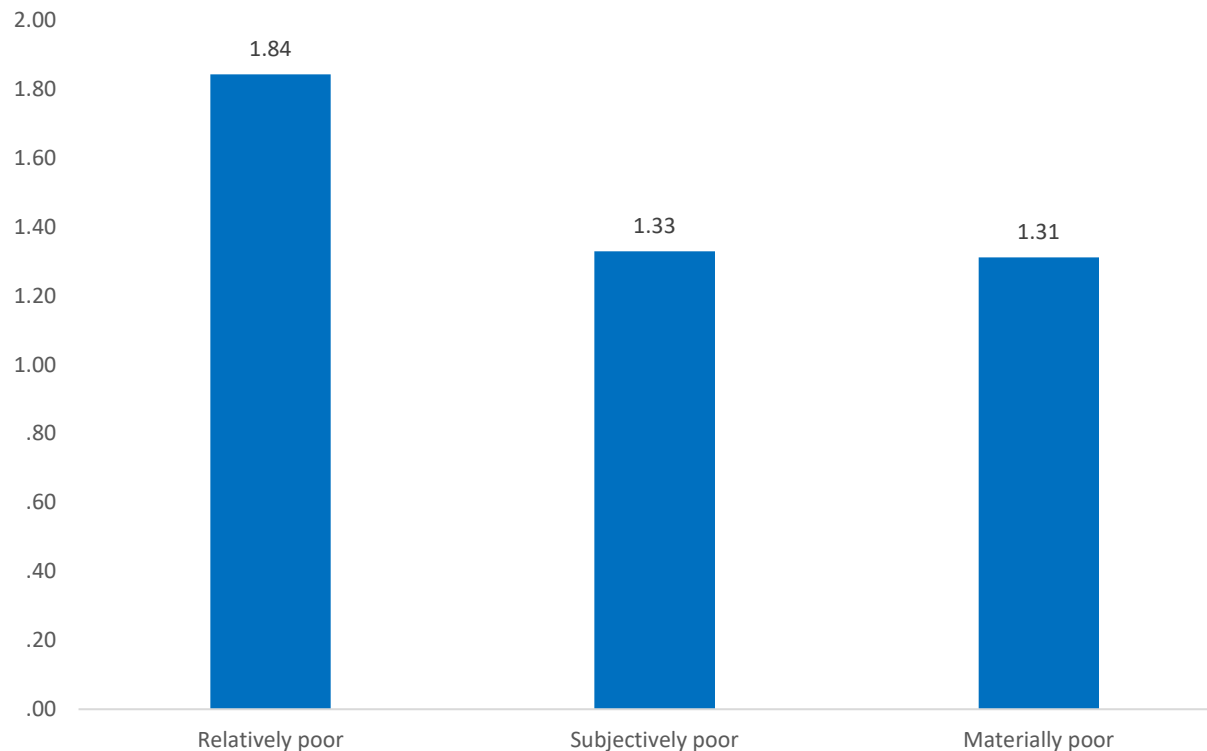


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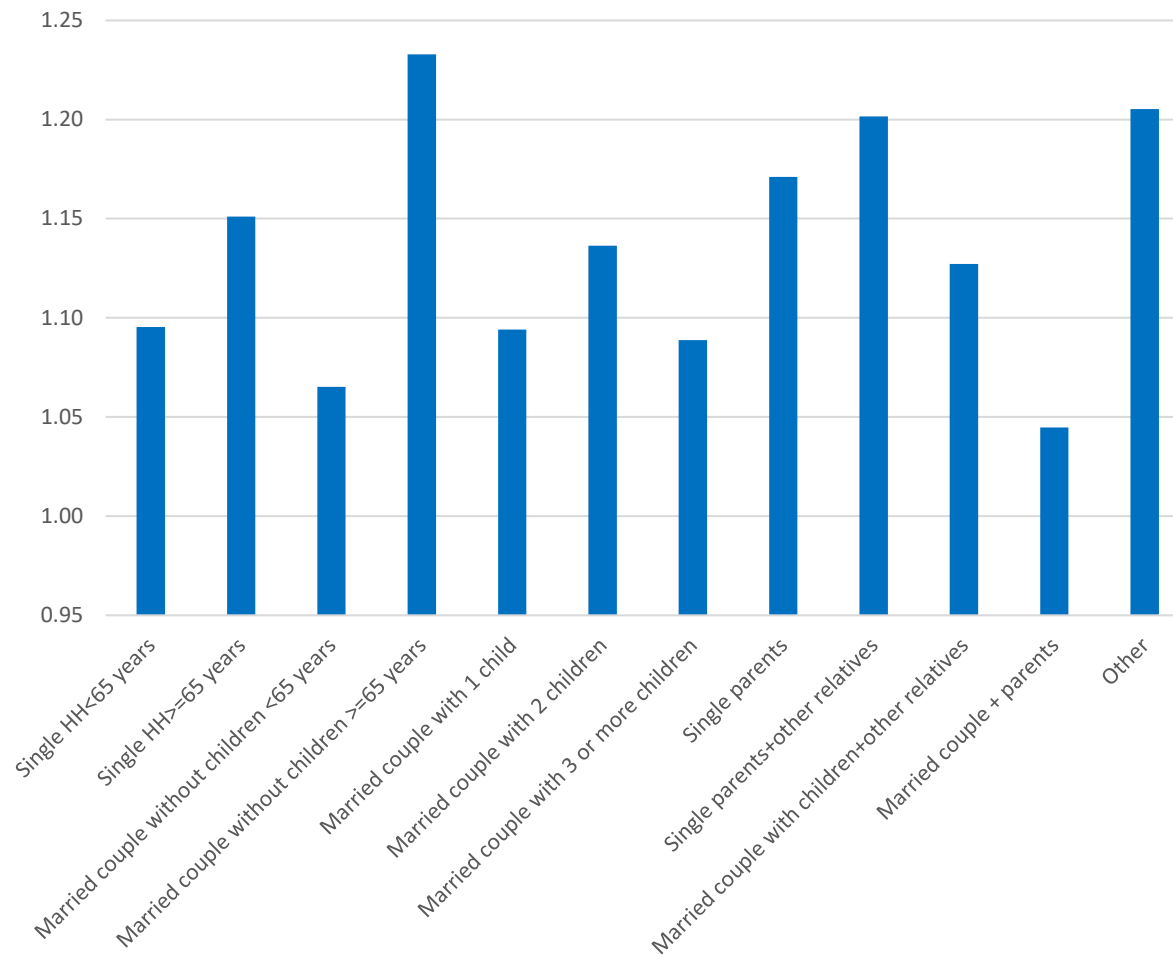
MIQ-Minimum Income Question (1)

- Survey instruments contained a question about the minimum net income which would meet the needs of the households.
- We calculated the ratio of minimum income p.c. to the consumption expenditure p.c.
- Graph 4. Ratio of minimum income p.c. to the consumption expenditure p.c., 2015



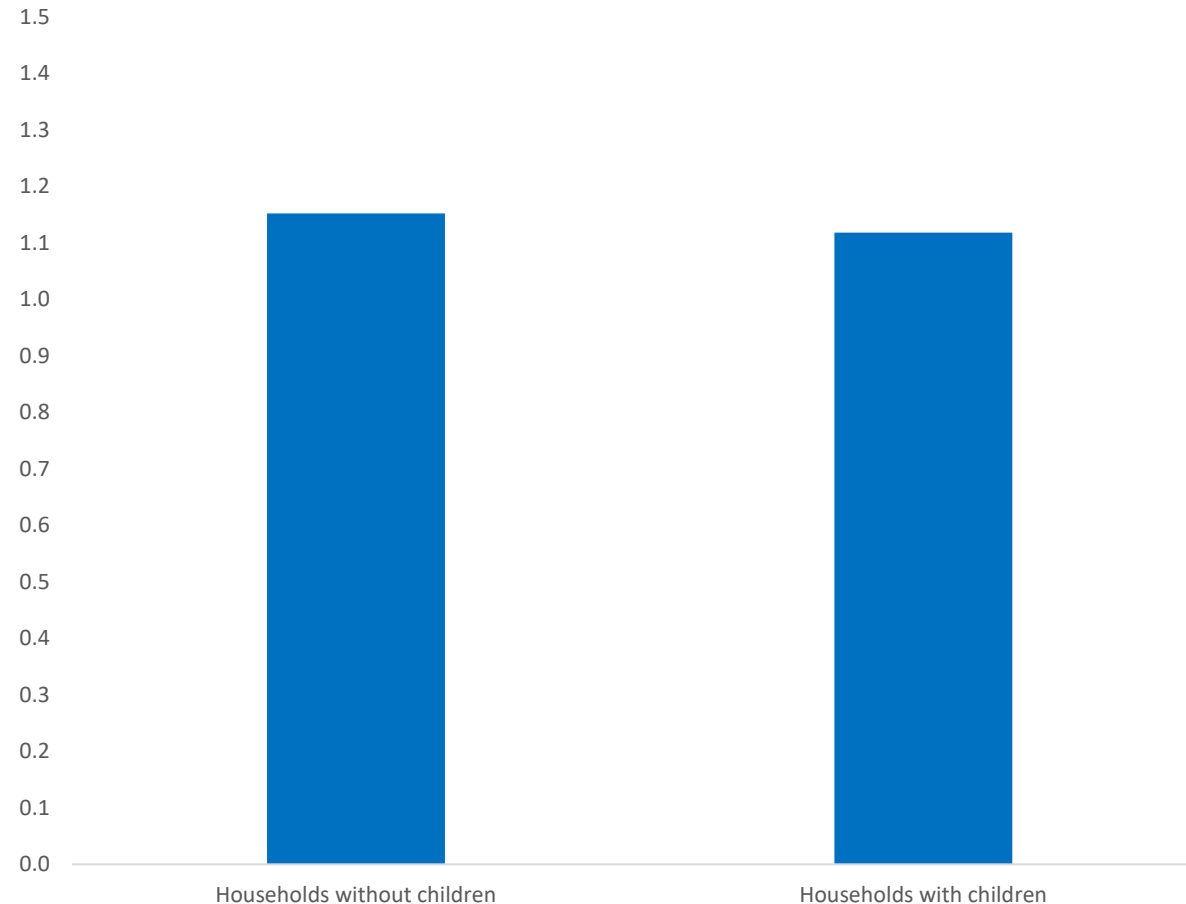
MIQ-Minimum Income Question (2)

- Graph 5. Ratio of minimum income p.c. to the consumption expenditure p.c. by household types, 2015



MIQ-Minimum Income Question (3)

➤ Graph 5. Ratio of minimum income p.c. to the consumption expenditure p.c. by household with and without children, 2015



Conclusion (1)

- Subjective poverty in B&H based on questions that are proxy sources of information describing subjective poverty feeling.
- Subjective data offer to expand the information set traditionally used for assessing poverty.
- Analysis of non-monetary poverty can help identifying the most vulnerable groups in the society and to contribute to the analysis of inequality.
- This approach highlights the importance of linking statistical surveys dedicated to poverty and living standards to the sociological studies related to perception of social status and quality of life issues.
- Combining monetary and non-monetary poverty measures can contribute to faster development of the European ICW statistics.

Conclusion (2)

➤ Shortcomings of this analysis:

- analysis was not performed on the basis of intentionally designed surveys for measuring subjective poverty.
- analysis does not contain income data since this data, although collected, was not analyzed within household budget surveys.
- factors at the level of households and at the individual level which influence subjective poverty feeling were not analyzed.

➤ Steps for further work:

- use 2022 EU-SILC data for poverty measure.
- improve design of survey questions in order to better cover subjective assessment of poverty.
- apply more sophisticated statistical analysis.

Thank you for your attention!

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