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Findings from PPRC-BIGD 3rd Round Survey

ONE YEAR INTO THE COVID-19 CRISIS:

Poverty Dynamics & Household Realities Part I

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1. One year into COVID-19: Household economic realities

2a. Deep dive: fragility of recovery

2b. Deep dive: drivers of vulnerability

3. Predicaments of the ‘New Poor’

4. Depleted coping capacity: livelihoods realities in the second wave

5. Policy Messages
The Survey

Round 3
[Late recovery effects]

4-12 Apr
Round 1
[Lockdown effects]

Jun 20-Jul 2
Round 2
[Early recovery effects]

Mar 20
1st COVID case

1 June
Lockdown relaxation

11-31 Mar 21
Round 3

[7,638 HHs are re-surveyed
6,099 (81%) successfully]

3549 HHs 3 rounds
6,099 HHs 2 rounds

8 Mar
2nd lockdown

2nd Wave

1st COVID case

Lockdown

Lockdown relaxation
Respondent Profile

Average HH size: 4.93

- 56% Rural
- 43% Urban-slum
- 1% CHT

- 84% Male
- 16% Female

- 13% female headed HHs nationally
One Year Into Covid-19
Summary of Household Economic Realities
Per capita income 7% below pre-COVID in March 2021
Per capita income 14% still below pre-COVID level in urban slums in March 2021
8% of pre-COVID employed were still unemployed in March 2021

Employment status in Jun 2020 and Mar 2021
(of those employed in Feb 2020)

- % of unemployed in June 2020: 17
- % of unemployed in March 2021: 8
1 year from the crisis, around half were in their pre-covid occupation but 41% had to move to another occupation by March 2021.
Unemployment rates remain high for skilled labour, salaried jobs and housemaids

% unemployed in June 20 and March 21 (of those employed in Feb 2020)
Notwithstanding limited income recovery, corresponding food expenditure recovery did not occur for urban slum sample.
Food Security Trends 1 year from crisis

- **Food expenditure** was **16.7% below** pre-covid levels in **urban slums**

- **Severe food insecurity** – households going hungry whole day at least once in last one month:
  - Rural: **1%**
  - Urban: **2.3%**

- Some improvement in diet diversity since June, 2020 but persistence of **long-term nutritional insecurity**:
  - 52% HHs had no **meat**
  - 72% had no **milk**
  - 40% had no **fruit**

In their weekly diet in March 2021
4% rise in extreme poverty among the study sample over the 1 year of covid crisis

Change in poverty status of the sample over time (% of HHs in each income group)

- **March 2021**
  - Extreme poor: 42
  - Moderate Poor: 16
  - Vulnerable non-poor: 17
  - non-poor: 25

- **June**
  - Extreme poor: 73
  - Moderate Poor: 8
  - Vulnerable non-poor: 8
  - non-poor: 11

- **February (pre-COVID)**
  - Extreme poor: 38
  - Moderate Poor: 18
  - Vulnerable non-poor: 18
  - non-poor: 26
Deep Dive: Fragile Recovery
Income
Rural-urban disparity in recovery

Per capita daily income (BDT, Feb 2020 constant prices)

Rural
Urban
CHT

February 106 124 101
June 61 69 74
March, 2021 108 107 95

Urban upper poverty line
Rural upper poverty line
Per capita income recovery from 2020 severe income drop better for poor compared to non-poor

*Poverty grouping by Feb 2020 income status

Per capita daily income (BDT)

Feb 2020’s constant prices

209

114

94

57

145

110

97

83

Per capita daily income (BDT)

February
June
March, 2021
Income still below pre-COVID levels for all occupations except agriculture.

Income recovery weaker for transport worker, skilled labour, small business and rickshaw-puller.

% change in income from pre-COVD levels by occupation
Migration
## Persistent Trend in Reverse Migration

27.3% urban slum dwellers migrated in last one year

<table>
<thead>
<tr>
<th>17.5% migrated and already returned</th>
<th>20.5% migrated before June (Early Migrants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.8% stayed back</td>
<td>6.8% migrated after June (Late Migrants)</td>
</tr>
</tbody>
</table>

Net reverse migration from urban over 1 year: 9.8%
Migration pattern

**Early Migrants**
- Nearly half (47%) of the early migrant were non-poor before the pandemic.
- Majority (57%) of early migrants moved to other cities.

**Late Migrants**
- One-third (61%) of late migrant were poor before the pandemic.
- Majority (60%) of late migrants moved to villages.

**Reverse Migration by Cities**

- From **Dhaka**: 33.4% - 22.5% = **10.9%**
- **Chottogram**: 20.3% - 13.8% = **6.5%**
- Other cities: 27.4% - 16.2% = **11.2%**
Deep Dive: Drivers of Vulnerability
Labor Market
## Employment challenges

### Occupational Shift in 1 Year

<table>
<thead>
<tr>
<th></th>
<th>Agriculture</th>
<th>Transport worker</th>
<th>Skilled Labour</th>
<th>Unskilled labour</th>
<th>Factory Worker</th>
<th>Salaried Job</th>
<th>Small Business</th>
<th>Unemployed</th>
<th>Rickshaw puller</th>
<th>Housemaid</th>
<th>Total</th>
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<tr>
<td>Agriculture</td>
<td>47</td>
<td>4</td>
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<td>9</td>
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<td>Transport worker</td>
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<td>60</td>
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<td>5</td>
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<td>Skilled Labour</td>
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<td>34</td>
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<td>8</td>
<td>11</td>
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<td>Unskilled labour</td>
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<td>11</td>
<td>53</td>
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<td>4</td>
<td>10</td>
<td>7</td>
<td>2</td>
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<td>100</td>
</tr>
<tr>
<td>Factory Worker</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td>10</td>
<td>55</td>
<td>13</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Salaried Job</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>12</td>
<td>1</td>
<td>55</td>
<td>6</td>
<td>11</td>
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<tr>
<td>Small Business</td>
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<td>14</td>
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<tr>
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<td>10</td>
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<td>6</td>
<td>7</td>
<td>56</td>
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<td>Rickshaw puller</td>
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<td>16</td>
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<td>7</td>
<td>5</td>
<td>50</td>
<td>0</td>
<td>100</td>
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<tr>
<td>Housemaid</td>
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<td>4</td>
<td>6</td>
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<td>3</td>
<td>35</td>
<td>0</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>
- Sticky unemployment rate for women, **5 times higher than men in March**
- Both men and women tried to switch jobs
- **Re-entry challenges** for women due to economic and non-economic factors

% with **same job as Feb 20**, **shifted to another job**, and **no income source**
(of those employed in Feb 2020)

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th></th>
<th></th>
<th>Male</th>
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<th></th>
<th>Male</th>
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<tr>
<td>March 2021</td>
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<td>36</td>
<td>33</td>
<td>31</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>52</td>
<td>42</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>June 2020</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>64</td>
<td>4</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>June 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>77</td>
<td>7</td>
<td>16</td>
<td></td>
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</tbody>
</table>

- **Same job as Feb 20**
- **Shifted to another job**
- **No income source**
Non-food Expenditure Burden
Urban Non-food expenditure burden

- **98%** rise in non-food expenditure burden between June 2020 and March 2021
- Significant rise in all items: Rent – **46%**, Health – **81%**, Transportation – **104%**, Utility – **51%**
Predicaments of the ‘New Poor’
PPRC-BIGD Study on economic impact of the Covid crisis first coined the term ‘new poor’ in April, 2020 to dramatize a new reality of a significant number of households above the poverty line slipping back into poverty.

This band of people included various occupational groups who make up the numerically large mostly urban middle class with informal occupations - rickshaw-pullers, drivers, security guards, maids, small and medium businesses, transport workers, restaurant workers, private school teachers, fixed-income salaried persons etc.

The ‘new poor’ are finding it most difficult to return to pre-covid occupations and income levels are in danger of stuck in a poverty trap. 1 year from the crisis, 50% of the ‘new poor’ remain stuck in poverty.
‘new poor’ phenomenon is more prevalent in urban areas

59% in Urban and 44% in rural
Pre-COVID vulnerable non-poor are below poverty line

% of Pre-COVID VNP below poverty line

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>June, 2020</td>
<td>71</td>
<td>75</td>
</tr>
<tr>
<td>March, 2021</td>
<td>44</td>
<td>59</td>
</tr>
</tbody>
</table>
Despite some recovery between June, 2020 and March, 2021, national estimate of ‘new poor’ still stands in March 2021 at 14.75% which translates into a population of 24.5 million.
Depleted Coping Capacity on the Brink of 2nd Wave
Saving depletion
Saving depletion in both urban and rural

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban-slum</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>BDT 19,588</td>
<td>BDT 18,847</td>
</tr>
<tr>
<td>June</td>
<td>BDT 14,676</td>
<td>BDT 13,515</td>
</tr>
<tr>
<td>March, 2021</td>
<td>BDT 14,917</td>
<td>BDT 16,707</td>
</tr>
</tbody>
</table>

- 24% Drop in Rural
- 11% Drop in Urban-slum
Debt Accumulation
% of HHs taking loan doubled from pre-COVID level across rural, urban, and CHT

HH level debt amount almost double from pre-COVID across rural, urban, and CHT
% of HHs taking loan doubled from pre-COVID level across all income categories

HH level debt amount almost double from pre-COVID across all income groups

Amount of debt per HHs in February, June and March 2021 (BDT)

Pre-COVID Poverty Status

- Extreme-poor
- Moderate poor
- Vulnerable non-poor
- Non-poor

Pre-COVID Poverty Status

- Feb
- June
- March, 2021
Debt proportion in annual income level almost double from pre-COVID

<table>
<thead>
<tr>
<th></th>
<th>Feb, 2020</th>
<th>March, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>17</td>
<td>30</td>
</tr>
<tr>
<td>Urban</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>CHT</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Extreme poor</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Moderate poor</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Vulnerable non-poor</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Non-poor</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>All</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>
## Decrease in Social and Institutional Supports to meet food security

<table>
<thead>
<tr>
<th>Source of Help</th>
<th>June, 2020</th>
<th>March, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help from friend/relative</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Help from neighbor/local people</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Help from employer</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Help from government</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Help from NGO</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

% of HHs

**Note:** HHs refer to households.
Policy Implications
One year into Covid crisis: 7 Highlights

• **Fragile recovery**: Recovery from the economic shock of April-May, 2020 remains very fragile. **Rural resilience** – 1.9% rise in income – contrasts with **urban fragility** – March 2021 income 13.7% below pre-covid.

• **Deepening poverty**: There was 4% rise in extreme poverty within the study sample. Despite some recovery, national estimate of ‘new poor’ in March 2021 stood at 14.7% which translates into a population of 24.5 million.
• **Occupational recovery** concentrated in unskilled sectors. 41% in both rural and urban sectors had to move to less skilled sectors.

• **Women doubly burdened** – unemployment rate among female-headed households 5 times higher than men, women also face greater re-entry constraints into labour markets.

• **Three drivers of vulnerability** during covid crisis: Uncertainty of preferred employment, Non-food expenditure burdens – 98% rise in urban areas between June 2020 and March, 2021, and near-absence of social protection support – help from government – 9% to 2%, NGOs - 3% to 1%, employer – 1% to 0%, and local community – 5% to 2% - all declined between June, 2020 and March 2021.
Highlights contd.

• **Reverse migration** becoming an entrenched trend – Net rate from urban low-income settlements over 1 year **9.8%**. Initial trend was ‘new poor’ to less-expensive cities, later poor and extreme poor to villages.

• Households face 2\textsuperscript{nd} wave crisis with significantly **depleted coping capacity** - savings depleted by 24% and 11% in rural and urban respectively, **debt burden doubled** between June, 2020 and March 2021 for most groups. It is worth remembering that income drop for the poor and vulnerable was above **70%** immediately after the 1\textsuperscript{st} wave in March-April, 2020.
Four Policy Messages

Bangladesh is facing 2nd wave with incomplete and fragile recovery on one hand and significantly depleted household coping capacity on the other. Avoiding 2020 type income shock is critical. ‘Smart’ lockdown to avoid such a new income shock is both a health and an economic priority.

Social protection is playing only a token role in covid response but is a critical priority. Parallel to existing safety nets, urgent need for specific new and significant programs for urban poor and ‘new poor’ with effective targeting and leveraging technology.
Agriculture has been critical to economic recovery during covid crisis. A policy mind-set shift towards strengthening rural regeneration and a holistic approach to supporting agriculture is a key lesson from the covid crisis.

With occupational recovery concentrated in unskilled sectors, ‘new poor’ and women caught in emerging poverty trap due to vulnerability of the ‘meso-economy’ including CSME sector, a targeted and ‘big-push’ is necessary. PPRC-BIGD study calls for an urgent national CSME recovery action plan.