PPRC-BIGD 4th Round Findings: Part 2
Trends in Covid Impact on Livelihood, Coping and Recovery

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The Survey

Jun 20 - Jul 2, 2020
Round 2
[Post 1st lockdown effects]

4-12 Apr, 2020
Round 1
[1st lockdown effects]

1st lockdown

8 Mar
1st COVID case

1 June
1st lockdown relaxation

11-31 Mar, 2021
Round 3
[Recovery effects]

Aug 21 - Sep 8, 2021
Round 4
[Post 2nd lockdown effects]

Round 4
6,099 HHs re-surveyed
4,872 (80%) successfully
2,875 HHs 4 rounds
4,872 HHs 3 rounds

2nd lockdown

11 Aug
2nd lockdown relaxation

1st lockdown relaxation
Sample Profile: Round 4

Total sample size: 4872 households
Average HH size: **4.94**
Average No. of Income Earners per HH: **1.36**
HH heads were the primary respondents

Geographic Distribution
- Urban (54%)
- Rural (45%)

Gender Distribution
- Male (82%)
- Female (18%)

CHT (1%)
Outline

1. Second lockdown: Disrupted recovery
2. The 18-month story: Distressed resilience
   ▪ Income dynamics
   ▪ Livelihoods dynamics: Labour market
   ▪ Expenditure dynamics: Food and non food expenditure
   ▪ Financial capacity dynamics: Savings, Debt
   ▪ Migration
   ▪ Concerns
3. New Poor and Poverty Dynamics
4. Policy messages
Second lockdown: Disrupted recovery
Income was recovering steadily from lowest point in June 2020 but reversed since March 2021 with second lockdown.

Per capita daily income at different points in time
Feb 2020's constant prices

- Rural upper poverty line: BDT 88 per day
- Rural lower poverty line: BDT 75 per day

-43% drop between March and Aug '21

February, 2020: 114
June, 2020: 65
March, 2021: 105
August, 2021: 88
Per capita HH income fell between March and Aug ‘21 across all income groups.

Per capita daily income at different points in time
Feb 2020's constant prices

- Non-Poor: 209
- Vulnerable Non-Poor: 114
- Moderate Poor: 94
- Extreme Poor: 58

Rural lower poverty line: BDT 75 per day
Rural upper poverty line: BDT 88 per day
‘Income shock’ disadvantage of urban slums persists in second lockdown too...

Per capita daily income at different points in time
Feb 2020's constant prices

<table>
<thead>
<tr>
<th>Month</th>
<th>Urban Slum</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>February, 2020</td>
<td>122</td>
<td>104</td>
</tr>
<tr>
<td>June, 2020</td>
<td>91</td>
<td>85</td>
</tr>
<tr>
<td>March, 2021</td>
<td>91</td>
<td>85</td>
</tr>
<tr>
<td>August, 2021</td>
<td>91</td>
<td>85</td>
</tr>
</tbody>
</table>

**Lower poverty line**
- Rural: BDT 75/day
- Urban: BDT 81/day

**Upper poverty line**
- Rural: BDT 88/day
- Urban: BDT 105/day
Majority in Aug ‘21 said that they did NOT get enough/expected level of work in last one month

- 69% said that they did not have enough/expected level of work last week
- Rate of dissatisfaction is higher for respondents with
  - Lower education (example: 73% among respondents with no formal education)
  - Lower income levels (example: 77% extreme poor)
  - Worse occupations (example: 79% unskilled workers)
Lockdown and no work were topmost reasons for not getting enough/expected level of work

<table>
<thead>
<tr>
<th>Reasons</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lockdown</td>
<td>49</td>
</tr>
<tr>
<td>No work found</td>
<td>32</td>
</tr>
<tr>
<td>Illness</td>
<td>17</td>
</tr>
<tr>
<td>Didn't get desired hours / days of work</td>
<td>11</td>
</tr>
<tr>
<td>Housewife/retired/aged</td>
<td>10</td>
</tr>
<tr>
<td>restriction by law enforcement</td>
<td>7</td>
</tr>
<tr>
<td>No vehicle/high travel cost</td>
<td>2</td>
</tr>
<tr>
<td>Extortion by law enforcement</td>
<td>1</td>
</tr>
<tr>
<td>On leave</td>
<td>0</td>
</tr>
</tbody>
</table>
% of HHs skipping at least one meal yesterday increases significantly between March and Aug ’21, especially in urban slums and CHT.
Fewer HHs received any kind of relief compared to first lockdown

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban Slum</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June, 2020</td>
<td>22</td>
<td>64</td>
<td>45</td>
</tr>
<tr>
<td>August, 2021</td>
<td>13</td>
<td>31</td>
<td>23</td>
</tr>
</tbody>
</table>
**Coping dynamics:** Reliance on loan, shop credit and help from kin rose as coping mechanisms during second lockdown compared to the first lockdown. Savings were no longer a significant coping option.

<table>
<thead>
<tr>
<th>Personal</th>
<th>Social</th>
<th>Institutional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household income</td>
<td>Savings</td>
<td>Loan</td>
</tr>
<tr>
<td>Sold asset</td>
<td>Reduced consumption</td>
<td>Owing to shopkeeper</td>
</tr>
<tr>
<td>Land Mortgage</td>
<td>Remittance</td>
<td>Help from friend/relative</td>
</tr>
<tr>
<td>Help from neighbor/local people</td>
<td>Help from government</td>
<td>Help from NGO</td>
</tr>
<tr>
<td>Help from employer</td>
<td>Delaying MFI installment</td>
<td>OMS</td>
</tr>
</tbody>
</table>

% of respondents

- **June, 2020**
- **August, 2021**
Fear of the virus was distinctly less in 2021 compared to 2020 but views about comparative lockdown effectiveness remains conflicted.

- Fear of virus seem to have decreased
  - % of respondents who were *less afraid* of the virus was more than double (44%) than those who were more afraid (20%).
  - 46% thinks this lockdown was more effective than before while 40% thinks the opposite.

How afraid the respondents are about corona virus compared to last year?

<table>
<thead>
<tr>
<th>% of respondent</th>
<th>Less than before</th>
<th>More than before</th>
<th>Same as before</th>
<th>I was never scared</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>44</td>
<td>20</td>
<td>13</td>
<td>24</td>
</tr>
</tbody>
</table>

Less than before
More than before
Same as before
I was never scared
The 18-month story: Distress resilience

Photo credit: K M Asad
Income dynamics
Income shock has not been transitory – 18 months after COVID, per capita income remains 23% lower than pre-COVID level.

Per capita daily income at different points in time
Feb 2020's constant prices

Rural upper poverty line: BDT 88 per day
Rural lower poverty line: BDT 75 per day

February, 2020: 114
June, 2020: 65
March, 2021: 105
August, 2021: 88
The Wrong Convergence...

Per Capita Daily Income at different points in time
Feb 2020's constant prices

- **Non-Poor**
  - Feb '20: 209
  - Jun '20: 114
  - Mar '21: 125
  - Aug '21: 90

- **Vulnerable Non-Poor**
  - Feb '20: 114
  - Jun '20: 94
  - Mar '21: 90
  - Aug '21: 75

- **Moderate Poor**
  - Feb '20: 94
  - Jun '20: 58
  - Mar '21: 75
  - Aug '21: 66

- **Extreme Poor**
  - Feb '20: 58
  - Jun '20: 58
  - Mar '21: 58
  - Aug '21: 58

**Rural lower poverty line**
BDT 75 per day

**Rural upper poverty line**
BDT 88 per day

From Pre-COVID:
- 40% decrease
- 21% decrease
- 20% decrease
- 16% increase
The urban slum disadvantage persists ...

- Per Capita Daily Income at different points in time
  Feb 2020's constant prices

- Upper poverty line: Urban
- Upper poverty line: Rural

- 12% decline from pre-COVID level
- 30% decline from pre-COVID level

- Rural: BDT 75/day
- Urban: BDT 81/day

- Rural: BDT 88/day
- Urban: BDT 105/day
Livelihood dynamics

Labour Market
Urban slum unemployment rate in August 2021 is more than double than pre-Covid.

<table>
<thead>
<tr>
<th>Month</th>
<th>Rural</th>
<th>Urban Slum</th>
<th>CHT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>February, 2020</td>
<td>9</td>
<td>7</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>June, 2020</td>
<td>22</td>
<td>24</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>March, 2021</td>
<td>9</td>
<td>13</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>August, 2021</td>
<td>13</td>
<td>15</td>
<td>14</td>
<td>36</td>
</tr>
</tbody>
</table>
Vulnerable Occupational Shifts: COVID-induced economic crisis has forced respondents into lesser skilled jobs

<table>
<thead>
<tr>
<th>Pre-Covid Occupation</th>
<th>Skilled Labour</th>
<th>Transport worker</th>
<th>Unskilled labour</th>
<th>Factory Worker</th>
<th>Housemaid</th>
<th>Agriculture</th>
<th>Salaried Job</th>
<th>Small Business</th>
<th>Not in IGA</th>
<th>Rickshaw puller</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled Labour</td>
<td><strong>35</strong></td>
<td>2</td>
<td>17</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>10</td>
<td>10</td>
<td>15</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Transport worker</td>
<td>2</td>
<td><strong>37</strong></td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td><strong>34</strong></td>
<td>100</td>
</tr>
<tr>
<td>Unskilled labour</td>
<td>13</td>
<td>1</td>
<td><strong>40</strong></td>
<td>0</td>
<td>1</td>
<td>14</td>
<td>6</td>
<td>9</td>
<td>13</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Factory Worker</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td><strong>51</strong></td>
<td>2</td>
<td>5</td>
<td>18</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Housemaid</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td><strong>52</strong></td>
<td>0</td>
<td>4</td>
<td>2</td>
<td><strong>35</strong></td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2</td>
<td>1</td>
<td>19</td>
<td>2</td>
<td><strong>52</strong></td>
<td><strong>53</strong></td>
<td>5</td>
<td>9</td>
<td>7</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Salaried Job</td>
<td>7</td>
<td>2</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td><strong>54</strong></td>
<td>6</td>
<td><strong>11</strong></td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Small Business</td>
<td>5</td>
<td>0</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>4</td>
<td><strong>61</strong></td>
<td>8</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Not in IGA</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td><strong>11</strong></td>
<td>4</td>
<td>6</td>
<td><strong>62</strong></td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Rickshaw puller</td>
<td>2</td>
<td>2</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td><strong>67</strong></td>
<td>100</td>
</tr>
</tbody>
</table>
Expenditure dynamics
Food and Non-Food Expenditure
Food expenditure was slowly recovering but flattened since March ‘21

Per capita daily food expenditure (BDT)
Feb 2020's constant prices

- Urban Slum
- Rural

February, 2020: 65
June, 2020: 46
March, 2021: 55
August, 2021: 54
Worsening Dietary Diversity: Majority of the HHs did not have any meat, milk, fruits throughout the pandemic.
All through COVID, non-food expenditure burdens have risen significantly adding to the financial stress of urban slum households.

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>June'2020</th>
<th>March'2021</th>
<th>August'2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Rent</td>
<td>175</td>
<td>268</td>
<td>243</td>
</tr>
<tr>
<td>Medical Cost</td>
<td>169</td>
<td>278</td>
<td>296</td>
</tr>
<tr>
<td>Education</td>
<td>176</td>
<td>117</td>
<td>124</td>
</tr>
<tr>
<td>Transportation</td>
<td>48</td>
<td>90</td>
<td>78</td>
</tr>
<tr>
<td>Utility Cost</td>
<td>89</td>
<td>124</td>
<td>161</td>
</tr>
<tr>
<td>Total Non-food Expenditure</td>
<td>494</td>
<td>936</td>
<td>964</td>
</tr>
</tbody>
</table>
Per Capita Non-Food Expenditure rose 2.9 times over the preceding year for rural households.

<table>
<thead>
<tr>
<th>Item</th>
<th>June'2020</th>
<th>March'2021</th>
<th>August'2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Rent</td>
<td>16</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Medical Cost</td>
<td>125</td>
<td>280</td>
<td>352</td>
</tr>
<tr>
<td>Education</td>
<td>16</td>
<td>164</td>
<td>117</td>
</tr>
<tr>
<td>Transportation</td>
<td>37</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>Utility Cost</td>
<td>74</td>
<td>91</td>
<td>136</td>
</tr>
<tr>
<td>Total Non-food</td>
<td>267</td>
<td>647</td>
<td>777</td>
</tr>
</tbody>
</table>
Financial capacity dynamics
Average savings as a percentage of annual HH income yet to recover to pre-Covid level

<table>
<thead>
<tr>
<th></th>
<th>Feb-20</th>
<th>Jun-20</th>
<th>Mar-21</th>
<th>Aug-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme-poor</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Moderate poor</td>
<td>7</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Vulnerable non-poor</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Non-poor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>
Outstanding loan as a percentage of annual income also increasing consistently across all income groups.
Average outstanding loan as a percentage of annual income is increasing consistently both in rural and urban slums.

This erosion of financial capacity continued even during the March-August, 2021 period, rising from 25% to 28%
**Source of Loan:** Majority borrowed from shopkeepers and NGOs, 11% also borrowed from moneylenders.
**Purpose of Loan:** Majority borrowed for daily consumption and health, but 15-20% also borrowed for business or loan payment.

- **Daily consumption expenditure:**
  - August, 2021: 60%
  - March, 2021: 70%
  - June, 2020: 72%
  - February, 2020: 73%

- **Medical/Health Expenditure:**
  - August, 2021: 19%
  - March, 2021: 17%
  - June, 2020: 16%
  - February, 2020: 15%

- **Educational Expenditure:**
  - August, 2021: 8%
  - March, 2021: 8%
  - June, 2020: 8%
  - February, 2020: 8%

- **House building /purchase:**
  - August, 2021: 55%
  - March, 2021: 77%
  - June, 2020: 55%
  - February, 2020: 6%

- **House repair:**
  - August, 2021: 7%
  - March, 2021: 8%
  - June, 2020: 6%
  - February, 2020: 6%

- **Loan repayment:**
  - August, 2021: 17%
  - March, 2021: 19%
  - June, 2020: 19%
  - February, 2020: 17%

- **Business/industrial investment:**
  - August, 2021: 7%
  - March, 2021: 7%
  - June, 2020: 17%
  - February, 2020: 16%

- **Purchase of property / land:**
  - August, 2021: 7%
  - March, 2021: 7%
  - June, 2020: 7%
  - February, 2020: 5%
Migration
Migration during the pandemic

28% migrated from urban slum areas at some point during COVID-19

18% already returned by August 2021

10% have stayed back. This is the level of net Reverse Migration in August 2021
Concerns
Priority social and economic concerns in August, 2021

- Loan repayment
- Income/Job uncertainty
- **Food inflation**
- Lack of working capital
- Healthcare availability & costs
- Getting vaccinated
- Children’s education future
- Education expenses
- Marriage of children
New Poor and Poverty Dynamics
Impact remains to be most severe in urban areas... more than double compared to rural areas

- 10 percentage point increase in poverty among rural sample
- 22 percentage point increase in poverty among the urban slum sample
National Estimation of “new-poor”

New poor as a % of Population

- June, 2020: 21.24
- March, 2021: 14.75
- August, 2021: 19.54
Poverty Dynamics by Locality Among Pre-COVID Vulnerable Non-Poor

<table>
<thead>
<tr>
<th>Locality</th>
<th>Chronic Poor</th>
<th>Transient Poor</th>
<th>Non-Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>35%</td>
<td>56%</td>
<td>8%</td>
</tr>
<tr>
<td>Urban Slum</td>
<td>46%</td>
<td>51%</td>
<td>4%</td>
</tr>
<tr>
<td>Rural</td>
<td>27%</td>
<td>61%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Policy Messages
Two lockdown and 18 months into COVID crisis

5 Highlights

- Disrupted recovery

Not only has recovery been fragile, but the second lockdown in April, 2021 has underscored the continuing threat and reality of disruptions in the recovery process due to new waves of COVID-19 infection and how meaningfully they are managed. Income recovery was reversed and at the end of 18 months, average income among the surveyed poor was 23% below the pre-COVID-level. Percentage of households who were skipping a meal the previous day jumped from 2% in March, 2021 to 7% in August, 2021. Unemployment recovery too was reversed rising 3 percentage points to 14% in August, 2021 from the level in March, 2021.

Transient poverty or emerging poverty traps?

Onset of recovery after initial income shock of the COVID crisis led some to view the new poor phenomenon as a transient problem. 18 months into the crisis and after the new reversal consequent to the second lockdown, the new poor phenomenon has deepened rather than lessened. In June, 2020, new poor was estimated at 21.24% which declined to 14.75% in March, 2021 and has now again risen in August, 2021 to 19.54% which nationally extrapolated translates into a new poor magnitude of 32.4 million.
• Distress Resilience
Resilience has been and continues to be a defining characteristic of people’s response to adversity. But the COVID crisis has brought to the fore a different facet of resilience as an unfair bargain of a vicious cycle – higher deployment of family labour but into vulnerable and less-remunerative occupations, rising expenditure burdens and eroding financial capacity, and, only token support, if any, of social protection. Recovery for extreme poor households in the sample between June, 2020 and March, 2021 took place on the back of increase in average number of earners from 1.25 in June, 2020 to 1.46 in March, 2021. Food expenditures have had to be kept in check foregoing nutrition while non-food expenditure burden doubled and debt climbed to nearly a third of average annual income.

• Disproportionate impact on urban poor households continues
Unemployment in pre-COVID period was 2 percentage points lower in urban slum households compared to rural counterparts but in August, 2021, the situation had reversed in August, 2021 with unemployment in urban slums 2 percentage points higher than among rural counterparts. Income drop due to the second lockdown was 18% in urban slums compared to 15% drop for rural households.
The new sociology of reverse migrants

18% of the 28% who left their urban world involuntarily during the 18 months of the COVID crisis returned to the cities but 10% did not or could not. These reverse migrants who are mostly part of the ‘new poor’ represent a novel sociology not only for Bangladesh society at large but also for poverty alleviation paradigms of government and NGOs. They are certainly in distress but their motivations and aspirations may not necessarily conform to those of the pre-existing rural poor. Effective policy response to the needs of this group will depend on overcoming critical knowledge gaps.
18 months into the COVID crisis, the rapid and widespread disruptions to recovery caused by the second lockdown has underscored the urgency of a mind-set shift. Healthcare response to the infection, administrative response to lockdown-type measures to contain new outbreaks and economic policy response to support recovery – these three essential pillars of a holistic COVID management policy cannot produce desired results if pursued as isolated policy streams. Bangladesh has rightly refrained from embracing a zero-COVID policy built on prolonged lockdowns. But a clearer and effective approach to the alternative of ‘living-with-COVID’ policy has also been missing. A credible integration of the three essential policy strands – health, administrative and economic – is imperative if disrupted recovery is to be avoided.
COVID response is also fundamentally a question of social justice. While the COVID impact has touched all classes, the PPRC-BIGD findings underscore an unfair bargain of distress resilience to which the poorer sections including the new poor appear to have been largely left. Four policy imperatives demand attention:

• Jump-start a scaled-up and fit-for-purpose urban social protection program portfolio to address both old and new poor.
• Budgetary action plan for a comprehensive CSME recovery and development strategy encompassing both rural and urban sectors
• A priority lesson-learning report prepared through a national consultative process on previous lockdown experiences for the purpose of minimizing recovery disruptions due to possible future infection waves.
• Continue and strengthen vaccination drives and mask-handwashing community awareness programs.
Four cost drivers contributing to the expenditure burdens on poor and less well-off sections are related to macro policy – healthcare costs, education costs, transportation costs and utility costs. The COVID crisis has created a compelling policy window to review reform measures that can address these critical cost drivers impacting on economic stress of poor and middle classes alike. If entrenched mis-governance road-blocks on these urgent reforms can be confronted leading to rationalization of such expenditure burdens, their impact on the well-being of the poor and middle classes will be as great if not greater than the welfare coming from social protection measures.
PPRC-BIGD 4th Round Findings: Part 2

Trends in COVID Impact on Livelihood, Coping, and Recovery

Supported by the UK aid from the UK Government through the Covid-19 Learning, Evidence and Research Programme (CLEAR). CLEAR generates policy-relevant research and evidence to support Covid-19 recovery in Bangladesh. For more information contact: clear.bgd@ids.ac.uk

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