

Policy Brief

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Precarity, Area-Based Discrimination, and Limited Support Experiences of Urban Poverty After COVID-19 in Bangladesh

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The COVID-19 pandemic led to a significant increase in poverty in Bangladesh, particularly in urban areas. Rising food prices and high inflation rates further compounded the existing socioeconomic uncertainty. Social protection is vital to mitigate the effects of the crisis and enhance households' resilience in the face of uncertainty. This policy brief provides insights into the experiences of urban residents living in poverty after the COVID-19 pandemic and the support they have since received since the Covid-19 pandemic and derives implications for social protection programming in urban Bangladesh. Using secondary longitudinal data collected since the beginning of the pandemic, along with new quantitative surveys and qualitative data collected in Kallyanpur, Dhaka, and Santinagar, Chattogram in March 2023, this brief highlights high levels of precarity, the toll of poverty on mental health, widespread stigmatization and discrimination against residents of low-income neighbourhoods, and inadequate social protection support. It argues for the need to expand social protection in urban areas, counter area-based discrimination, ensure the dignified delivery of assistance, and provide an integrated policy response.

Key Messages

- The COVID-19 pandemic resulted in an increase in urban poverty and exacerbated insecure and volatile living conditions in low-income neighbourhoods.
- Economic uncertainty and poverty are associated with stress and poor mental health, especially among women.
- Residents of low-income neighbourhoods experience stigmatization and discrimination.
- Emergency relief was available in urban areas during the COVID-19 pandemic, but government-implemented social protection is patchy and challenging to access.
- The sale of food through Open Market Sales (OMS) delivered by food trucks is widely accessed in low-income urban settlements, but the delivery, especially in public spaces, can be problematic.
- There is consensus that receiving government and non-governmental organization (NGO) support should not be considered shameful. However, in practice, people experience shame in asking for or receiving support, especially if they are newly impoverished or receiving support in a public space.

Urban Poverty in Dhaka and Chattogram

Between February 2020 and May 2022, poverty increased after each wave of measures to curb the spread of the virus. In March 2023, three years after the onset of the pandemic, poverty rates remain higher compared to pre-pandemic levels.

Analysis of poverty trajectories indicates that most respondents (57%) were transitory poor, moving in or out of poverty at any point between February 2020 and March 2023. In Dhaka and Chattogram, 13% and 9% of all respondents, respectively, were not poor prior to the pandemic but fell into poverty and could not escape it. 24% of respondents in Chattogram and 17% in Dhaka were persistently poor across all waves, while a similar proportion (10% and 8% in Chattogram and Dhaka, respectively) moved out of poverty. Only 3% of respondents did not experience poverty at all.

Despite a recovery in poverty rates to near pre-pandemic levels, households face reduced socioeconomic resilience, depleted savings, accumulated debt, price hikes, and limited work opportunities. The combination of the pandemic's impact on hollowing out of household resilience, continuing inflationary pressures, and the inability to earn ample income leads to insecure and volatile livelihoods.

Table: Poverty Headcount Rates From February 2020 to March 2023

Period	Poverty Headcount rate (%)		
	Chattogram	Dhaka	Overall
Feb'20	53.8	45.3	48.9
Mar–Apr'20	period of lockdown		
Jun'20	88.6	79.3	83.3
Mar'21	53.0	55.3	54.3
Apr'21	Period of lockdown		
Jul 2021	Period of lockdown		
Aug'21	76.5	70.4	73.0
Jan'22	54.6	50.3	52.1
Jan–Feb'22	Period of lockdown		
May'22	65.9	60.9	63.0
Mar'23	71.42	62.6	66.2

Source: Authors' calculations based on PPRC-BIGD survey data and newly collected CLEAR Becoming Poor data (balanced sample, N=311), based on self-reported monthly income.

Better-paid or more secure forms of employment, such as factory work or domestic work, have become scarcer. Residents of low-income urban neighbourhoods are increasingly reliant on insecure and often poorly paid occupations, such as day labouring, rickshaw pulling, selling betel leaves, or working at a tea stall. Some of these changes can be directly linked to the pandemic, such as reduced demand for domestic work, while others appear to be part of a wider trend of factory closures or relocations stemming from longer-term effects of the pandemic and economic crises.

Psychological distress is common among urban residents in low-income neighbourhoods in Dhaka and Chattogram, particularly among those with lower incomes and women. Two-thirds of those in the poorest quintile and two-thirds of women report severe mental distress. Stress is related to the struggle to make ends meet and wider concerns about living in low-income neighbourhoods, such as unsafe housing conditions or short-term leases.

Stigmatization and Discrimination

Residents of low-income neighbourhoods in Dhaka and Chattogram must contend with widespread stigmatization and discriminatory practices, especially when seeking work or accessing services outside of their neighbourhoods. They may be refused jobs and are often unable to enrol their children in school, or face rejection at public institutions when being honest about their residence in low-income neighbourhoods.

“ We can't show our ID card when we go to any important office. If I sit there with five people, all of them are from the same area, but I will be identified as a slum dweller. We can feel that other people are uncomfortable while sitting with us, but we are also human beings. If our parents had some wealth, we would not be living here.

—Female Focus Group, Dhaka

People in poverty express feeling like second-rate citizens and being seen as less human than wealthy individuals. Oppressive surveillance and violent enforcement of lockdown rules during the COVID-19 pandemic were cited as examples of unfair and harsh treatment.

“ The slum was under constant surveillance by the police. Even buying groceries became a nightmare. People got chased and beaten by the police if they went out. It was really humiliating for the people here.

—Male Focus Group, Dhaka

More affluent community members admit to treating poorer community members differently, noting their disgust and intolerance towards those in poverty.

Social Protection

Urban areas were relatively well served by emergency relief during the pandemic, especially when compared to rural areas. Fifty-six per cent and 52% of respondents in Dhaka and Chattogram, respectively, received some type of support since the first lockdown. However, 80% of this support consisted of gratuitous emergency relief, including assistance from NGOs as well as family and friends. Access to formal social protection schemes, such as old age allowances or student stipends, was very limited.

In addition to low coverage, the adequacy of support—gratuitous or otherwise—was also limited. Seventy-nine per cent of support was provided in-kind, while 21% was provided in cash. In-kind support was low in value, with respondents estimating the average value of their most recent in-kind support at BDT 570 per month. This compares to an estimated average of BDT 2,500 per month for the most recent monetary support.

Having connections with individuals in positions of power was important to access various forms of relief provided by community leaders and the government. NGOs, such as BRAC, were generally seen as operating in a more transparent manner, but there was a suggestion that personal connections remained important for inclusion in programme lists and support provision. These practices resulted in the exclusion of those in need and the inclusion of others who might not be deemed eligible.

The government-run sale of food items at cheaper prices through food trucks (OMS), can be considered the most widely accessed urban social protection scheme (although many users may not interpret it as such). Only available in urban areas, almost half of respondents in Dhaka and Chattogram indicated that they had purchased items such as rice, pulses, and onions through this scheme in the six months prior to March 2023.

Shame and Dignity of Support

There is strong consensus that people should not feel ashamed when receiving government-run social protection support such as Old Age Allowance or NGO-provided support. Government is seen to have a responsibility to help reduce poverty. By contrast, a majority of respondents do indicate that people should feel ashamed in asking family, friends or

neighbours for support as they will have limited capacity themselves to offer help.

“ I don't feel good about asking for help from others. I prefer starving rather than asking for help from others. I feel embarrassed to ask others for help. This is the problem. No, no, I don't feel embarrassed to receive government or NGO support. It felt good to receive support from the government. It is because that support was not given by an individual, it was given by the government.

—Male Interview, Dhaka

Nevertheless, some respondents do experience shame in asking government officials for support. This is especially true for those having had a stable job or being seen as having a more prosperous or stable economic situation in the past, as was often the case amongst transitory poor or impoverished respondents.

In addition, implementation matters. Government assistance that is targeted to the poorest in society and requires queuing in public, such as sale of food items at lower prices, can be stigmatizing. Again, this is especially true for those who do not commonly require external support to get by. Other issues with this programme included the length of time spent in the queue, women feeling harassed by men, tensions or fights breaking out in the lines, lack of product choice, and food running out before reaching the front of the queue.

Policy Recommendations

Expand social protection in urban areas

During the pandemic, residents in low-income neighbourhoods in Dhaka and Chattogram primarily relied on ad hoc relief provided by NGOs, local leaders, community members, family, and friends. Much of this support has ended, not least because price hikes and high inflation have eroded the capacity of informal support structures. Having been unable to build up economic resilience and faced with high levels of precarity, the lack of access to social protection leaves urban residents in low-income neighbourhoods highly exposed to shocks and renewed waves of impoverishment. As noted in the National Social Security Strategy (NSSS) of Bangladesh and in line with the Vision for Social Security System in the Eighth Five Year Plan (2020 to 2025), expansion of coverage must be a priority to address urban poverty and associated socioeconomic consequences.'

Counter discrimination against residents of low-income urban areas

Discrimination against residents of low-income urban areas has real and far-reaching consequences in terms of access to public services and facilitating moving out of poverty. Various steps government are necessary to counter exclusion and marginalisation:

- Avoid using the term “Basti” (i.e., slum) and refer to areas by their name or as low-income urban neighbourhoods;
- Encourage residents’ registration as local voters to ensure representation and acknowledgement as citizens with entitlements; and
- Recognize people, including tenants, living in low-income areas as valid residents, enabling them access to citizenship rights (e.g., passports and social protection schemes).

Ensure dignified delivery of assistance, especially for the sale of subsidized food items

Any social protection support, whether provided by the government or other entities, should be delivered in a dignified and respectful manner. The widely accessed sale of food items at lower prices, often on food trucks stationed in public places, can be enhanced in various ways to improve the user experience and promote take-up. The enhancements include:

- Increasing the number of spots and days for the sale of food;

- Allowing varied time slots for different groups throughout the day, especially to accommodate different working hours of different working populations;
- Ensuring separate queues for women and men;
- Avoiding delivery in public spaces, for example by delivering food through designated shops; and
- Replacing the sale of food at lower prices with cash allowances or vouchers to allow people to make their own choices.

Provide an integrated policy response

A social protection response to the COVID-19 pandemic, or any other shock, and its impact on low-income urban residents should not be limited to the provision of cash transfers, in-kind support, or the sale of food at lower prices alone. It also requires the active promotion of livelihoods recovery and reducing the risk of future crises through insurance mechanisms.

Furthermore, social protection and anti-discrimination measures are only two components of the response needed to help low-income urban residents build their livelihoods, gain socioeconomic resilience, and move out of poverty. An integrated response is required, linking the dignified delivery of social protection with wider labour market, economic growth, and urban planning interventions.

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