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**20 April 2021 | 11.00 AM BST**

**Findings from PPRC-BIGD 3rd Round Survey**

**ONE YEAR INTO THE  
COVID-19 CRISIS:**

# **Poverty Dynamics & Household Realities **Part I****

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# Team Members



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# Presentation Structure

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

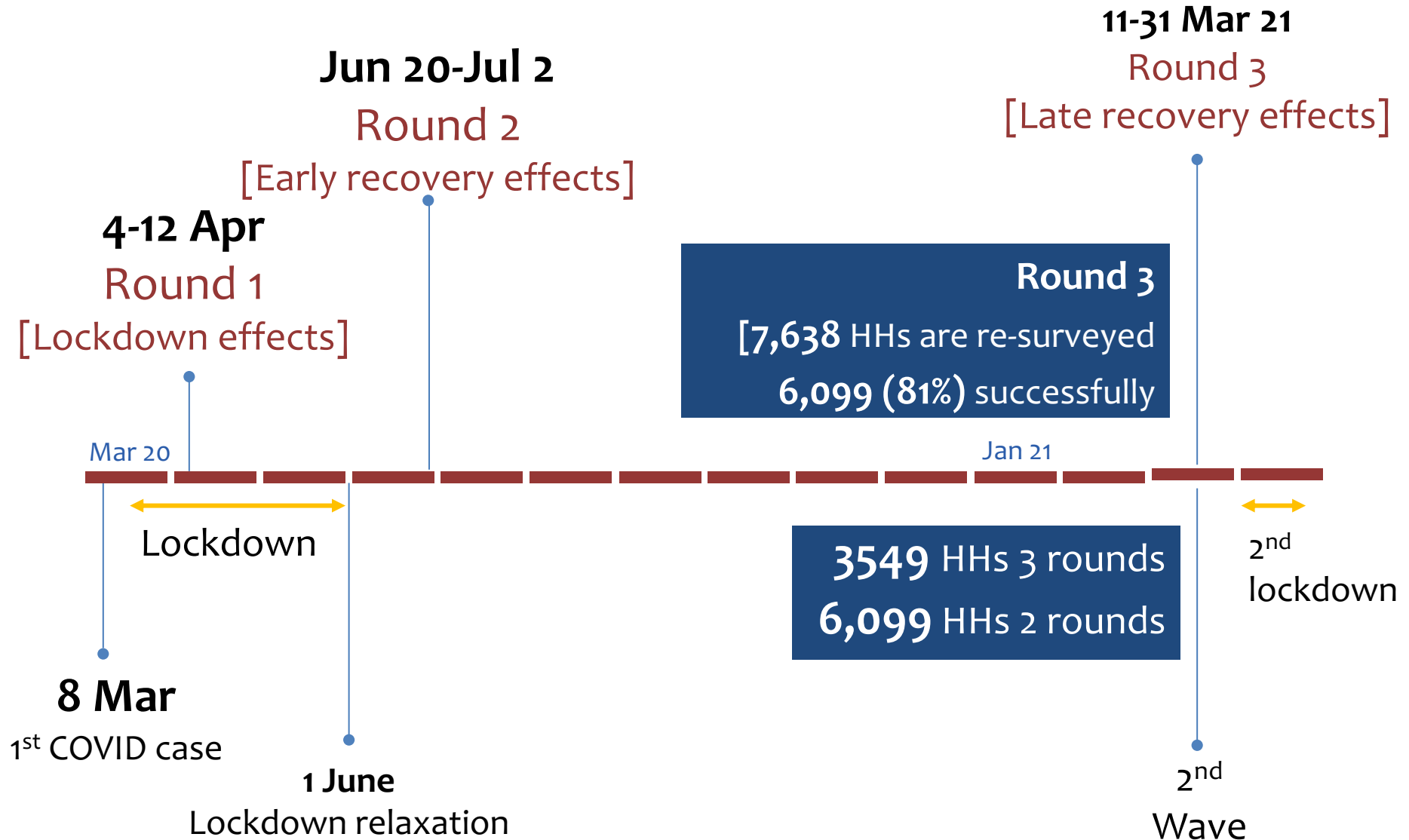
# The Survey



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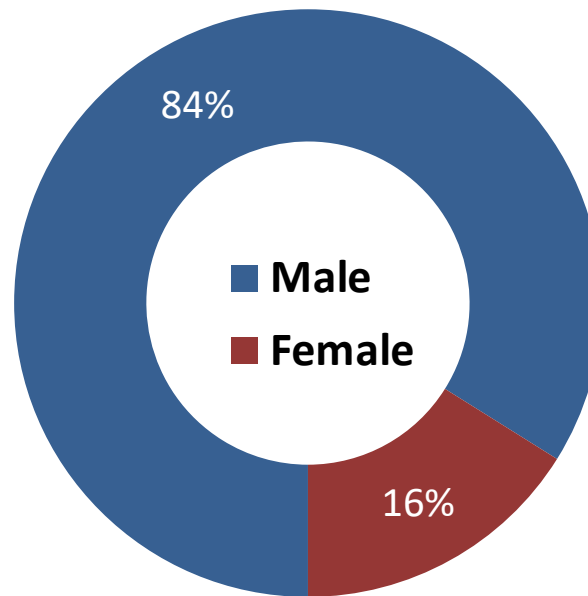
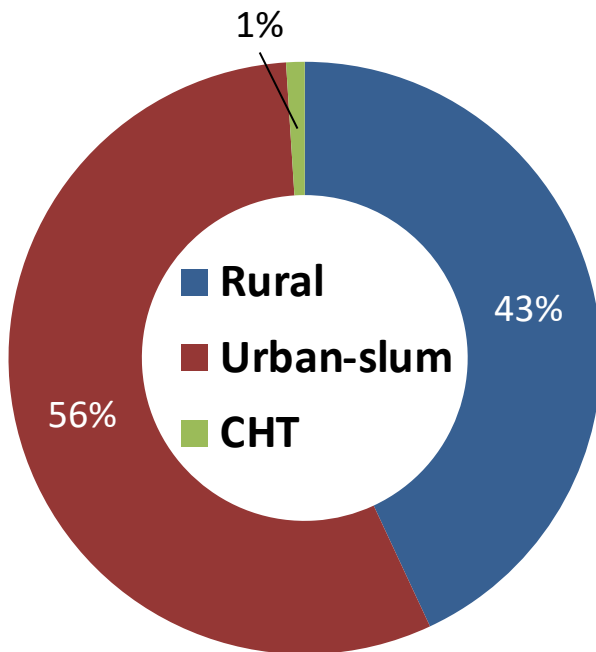


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# Respondent Profile

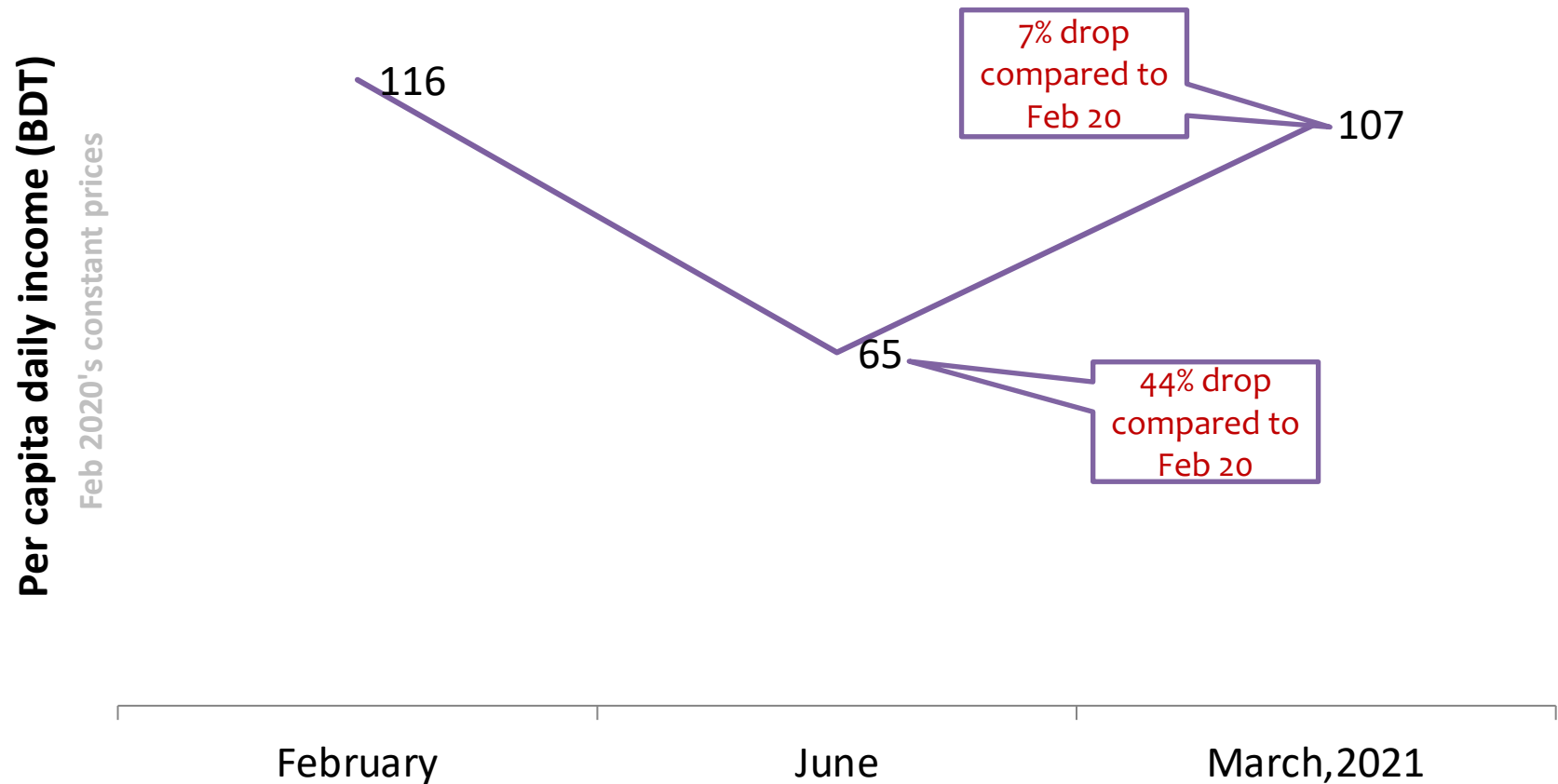
Average HH size: **4.93**



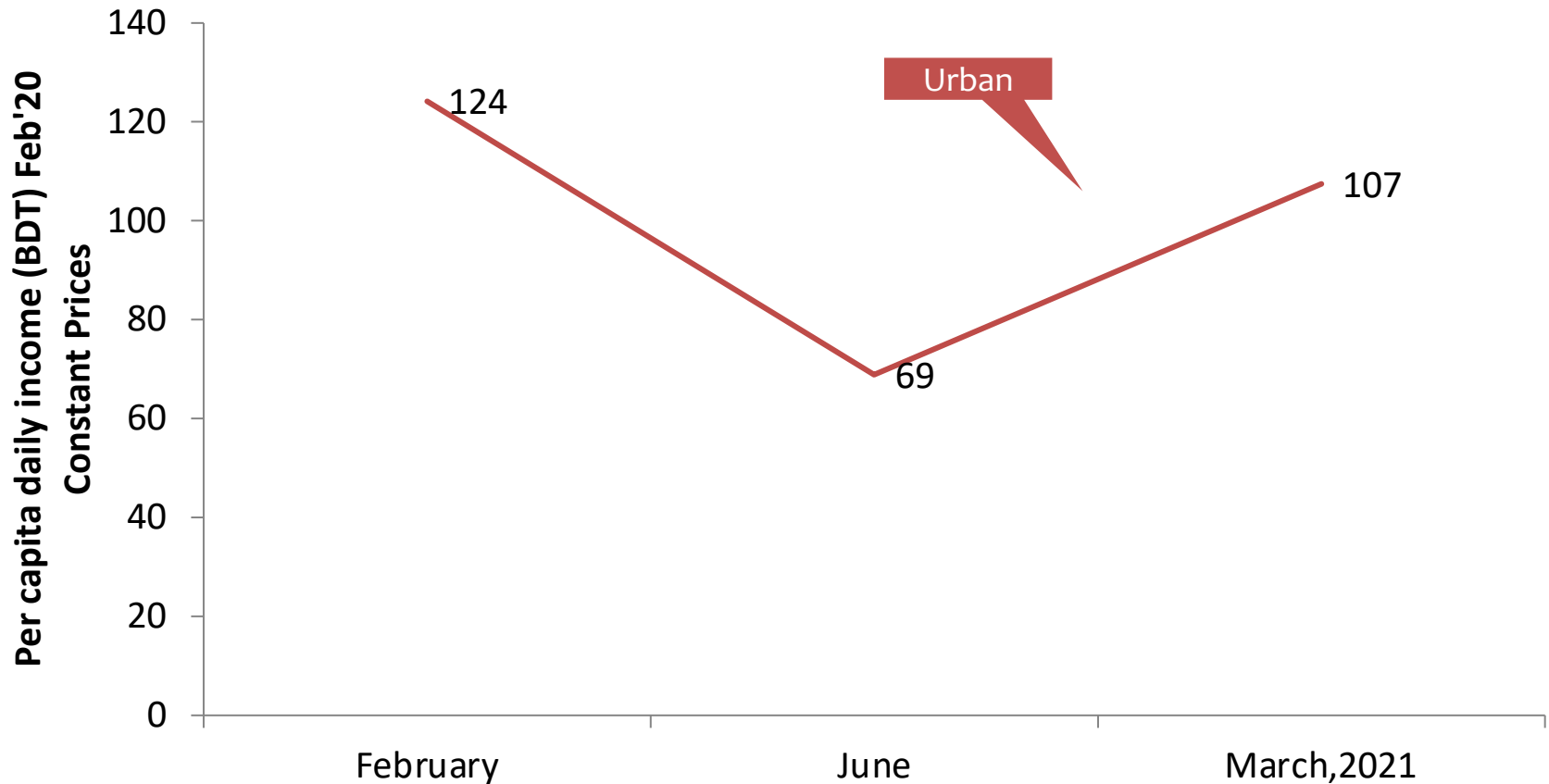
☐ *13% female headed HHs nationally*

**One Year Into Covid-19**  
**Summary of Household Economic Realities**

# Per capita income **7%** below pre-COVID in March 2021



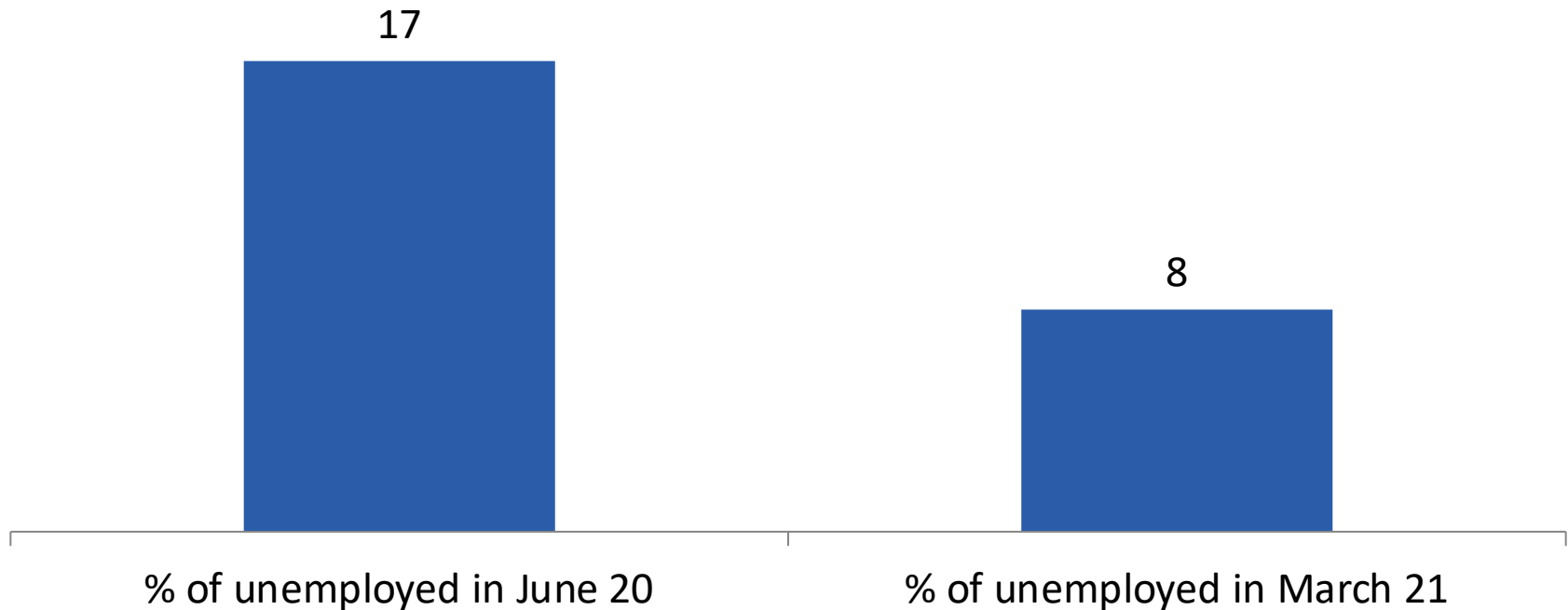
# Per capita income **14%** still below pre-COVID level in urban slums in March 2021



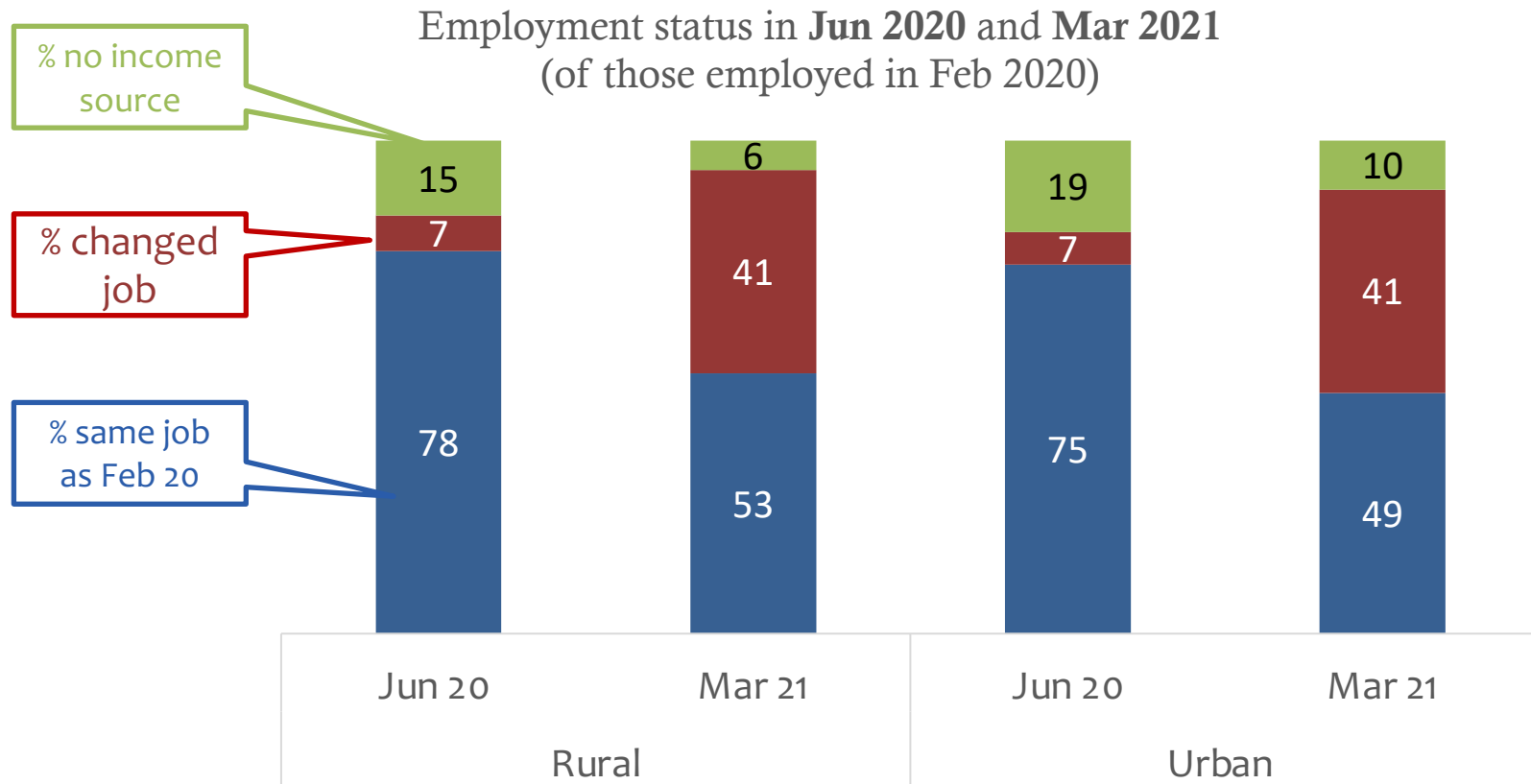


# 8% of pre-COVID employed were still unemployed in March 2021

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

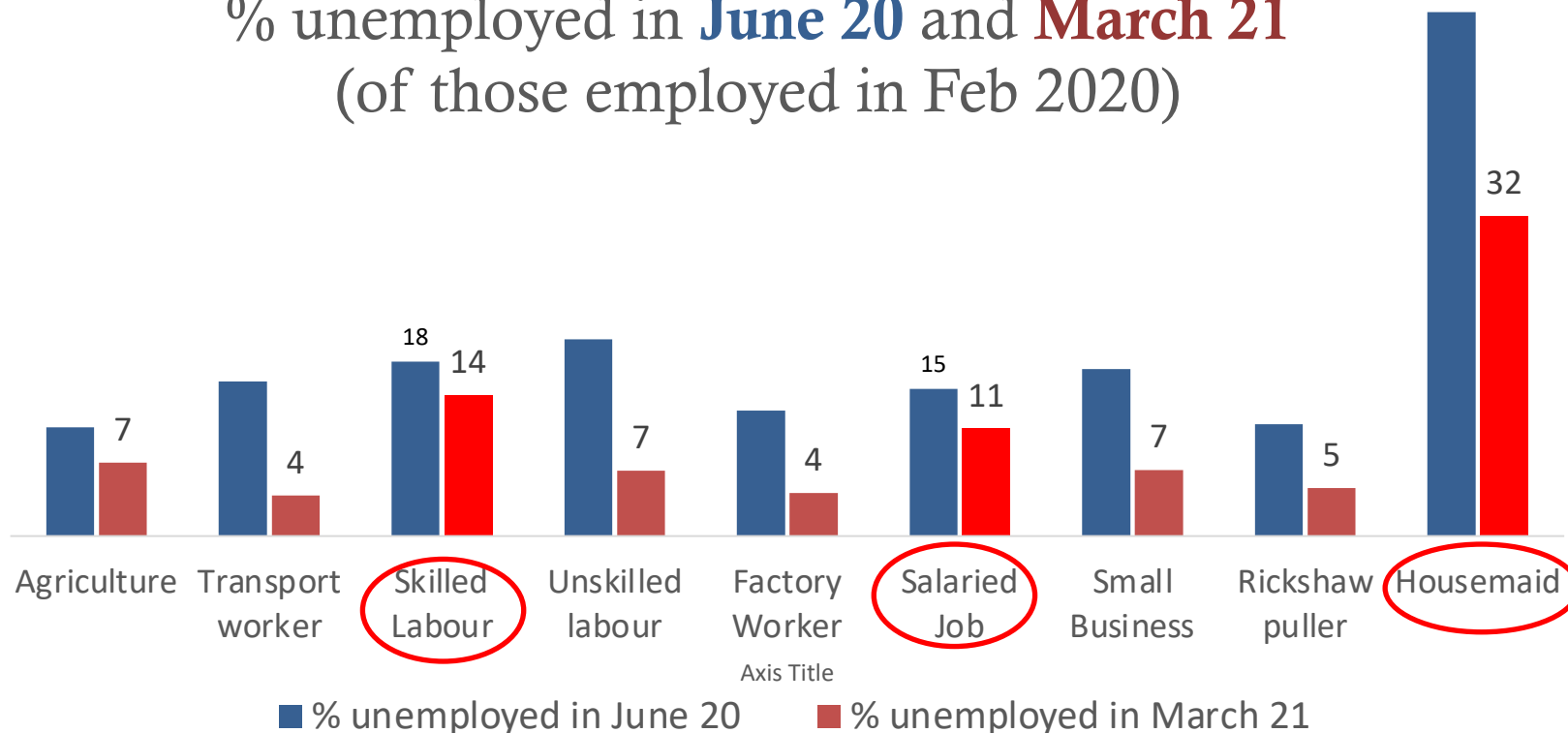


# 1 year from the crisis, around half were in their pre-covid occupation but **41%** had to move to another occupation by March 2021

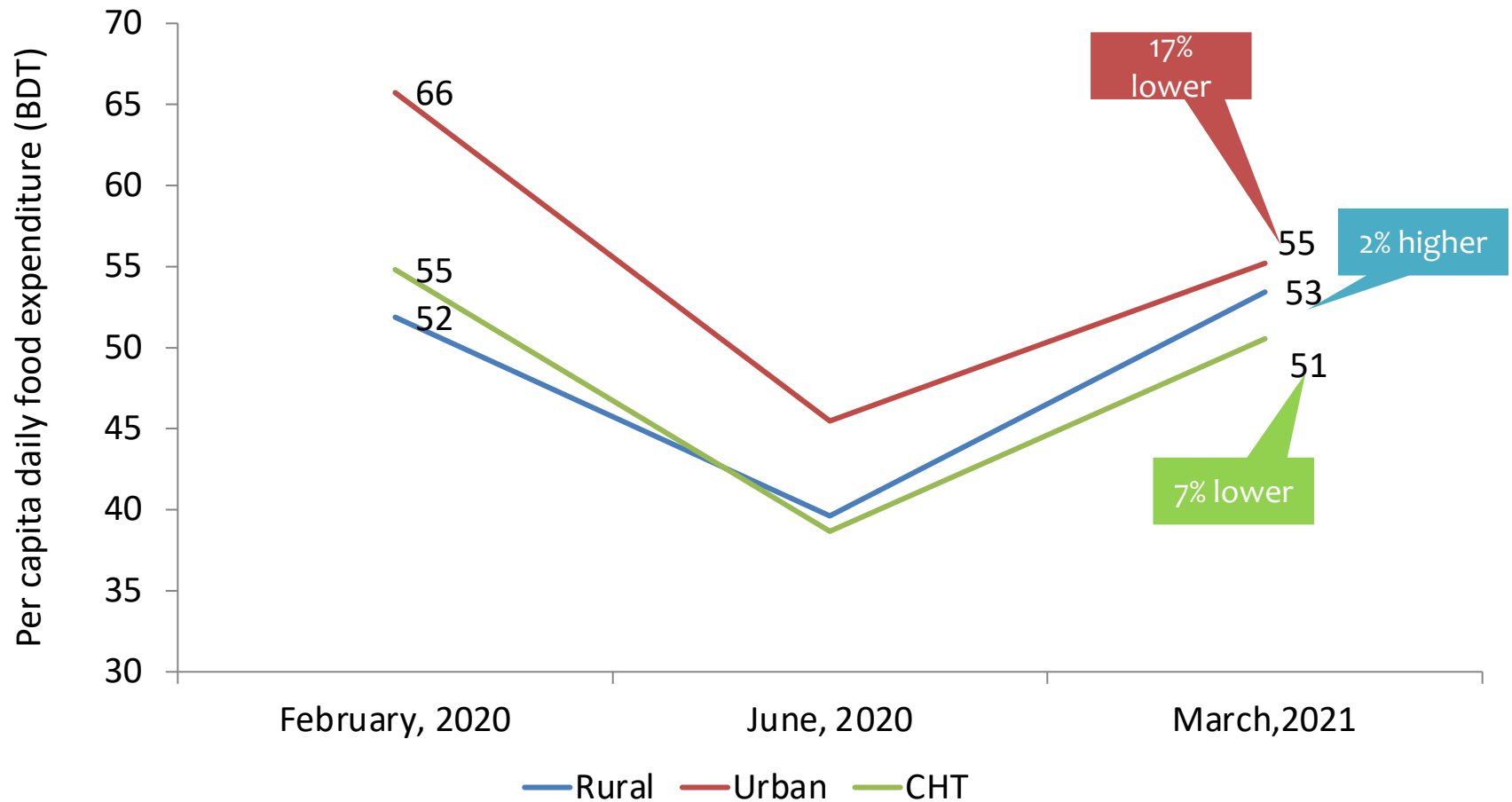


# Unemployment rates remains high for **skilled labour, salaried jobs and housemaids**

% 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**

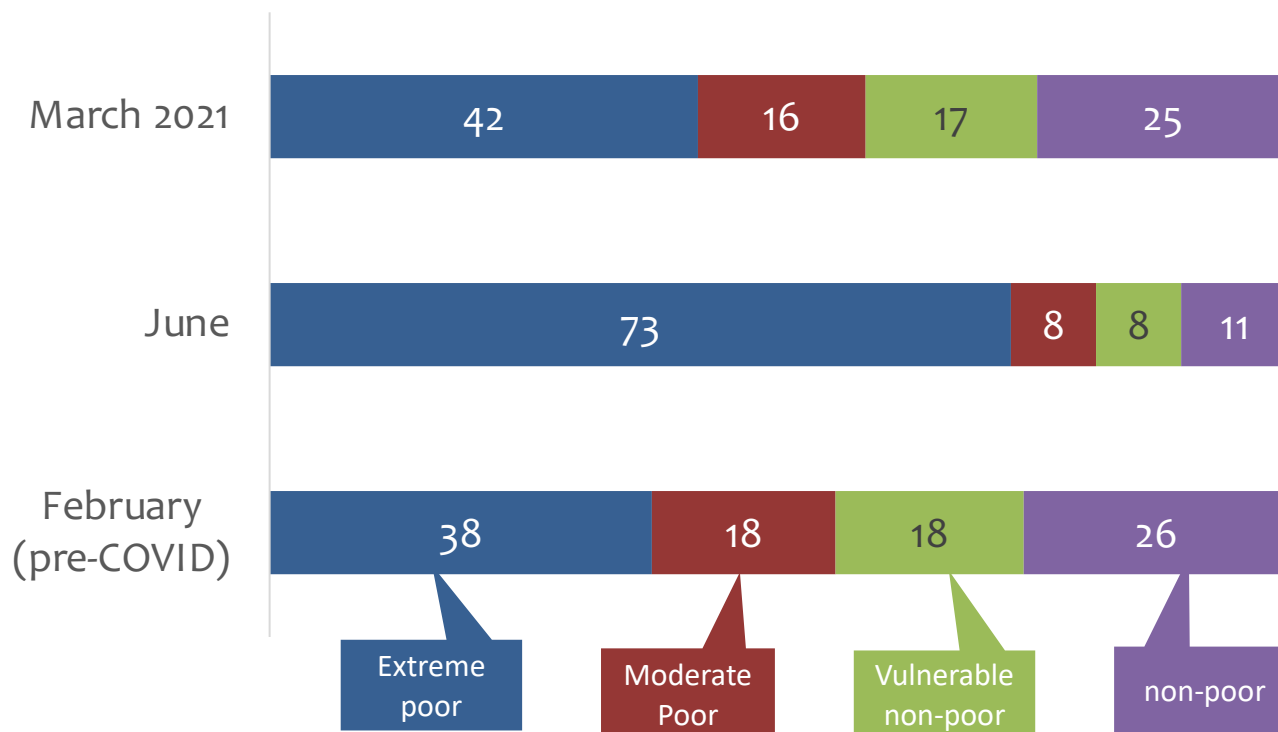
❑ **72%** had no **milk**

❑ **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)

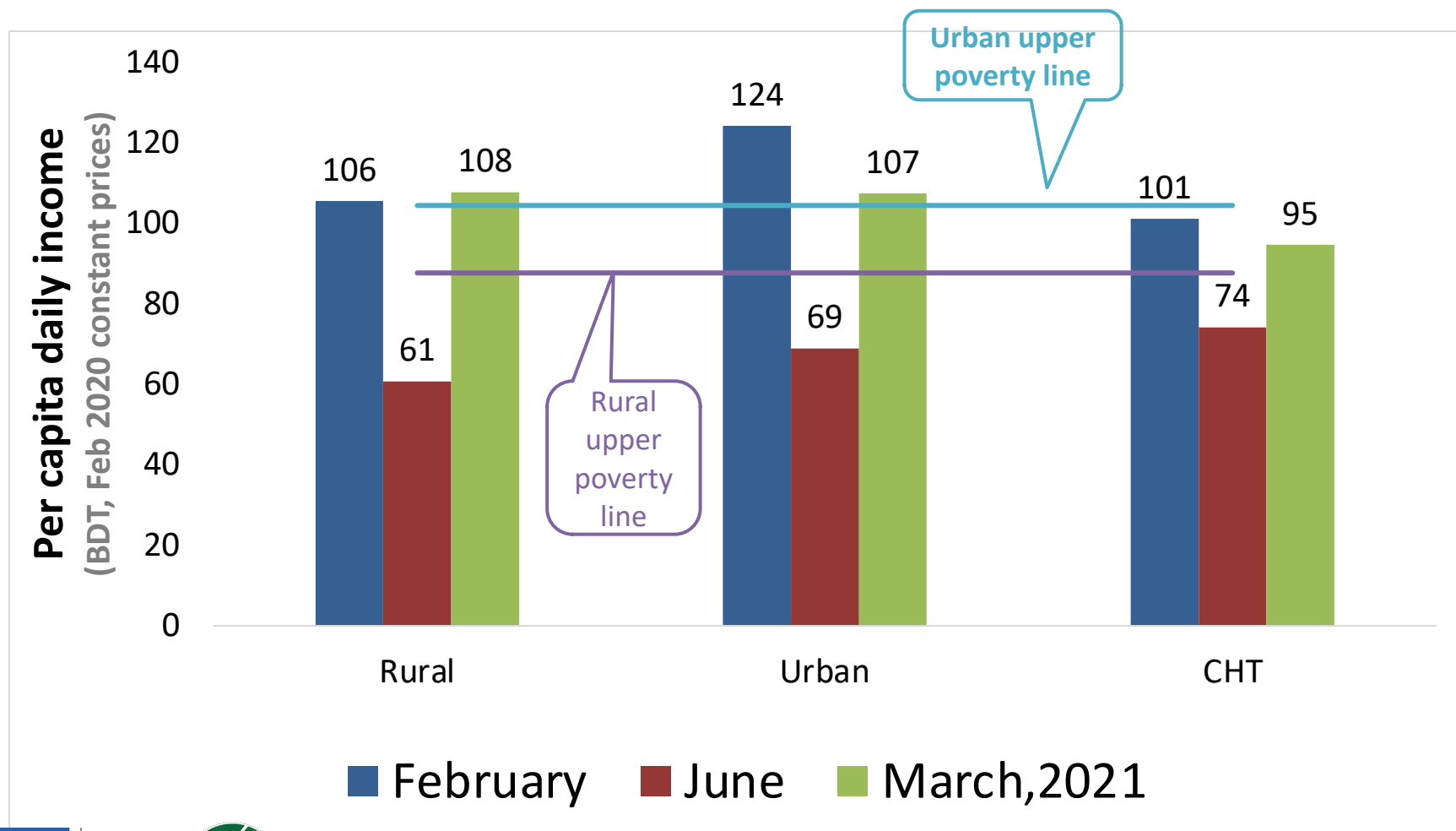


# **Deep Dive: Fragile Recovery**

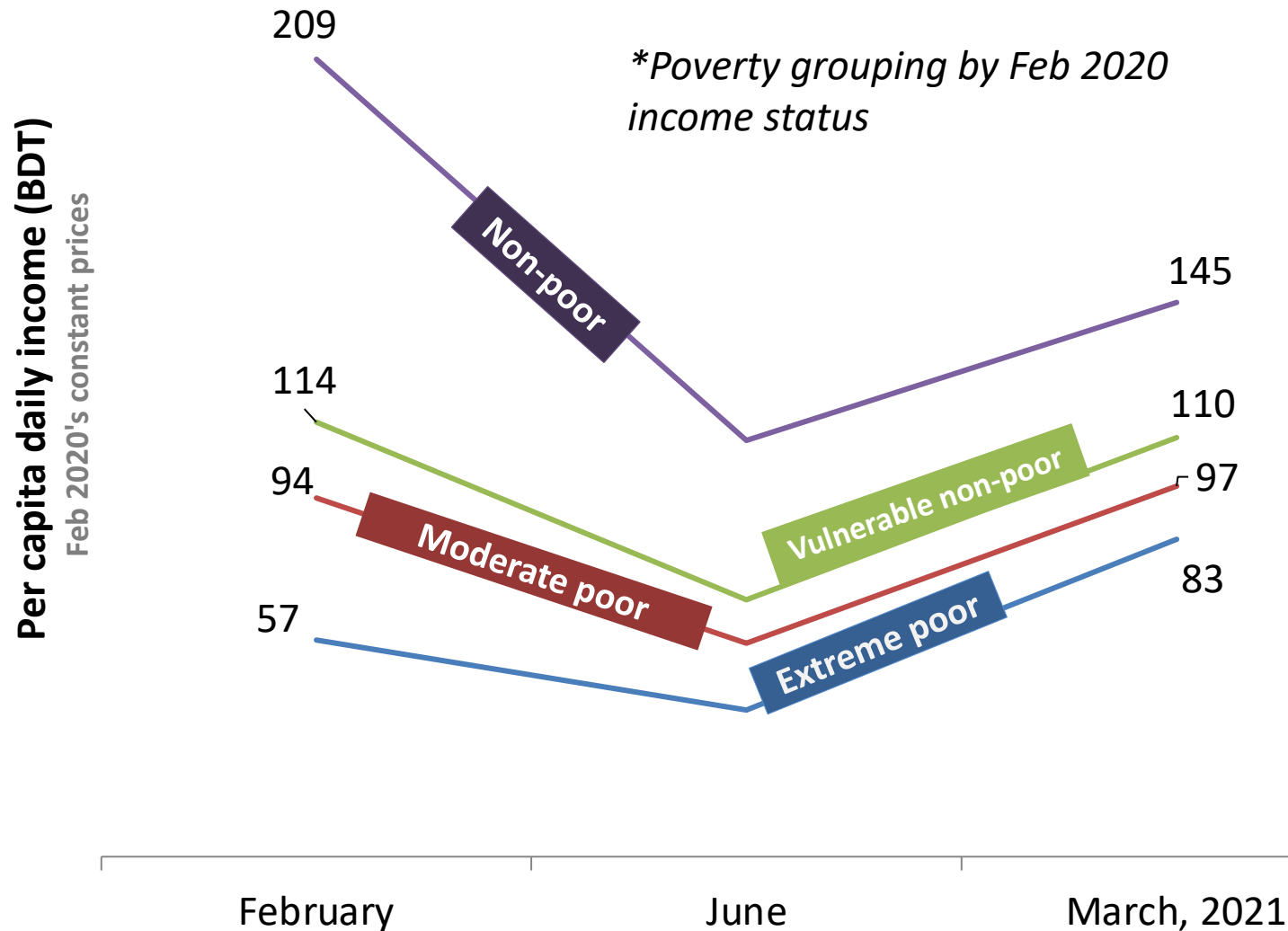
**Income**



# Rural-urban disparity in recovery

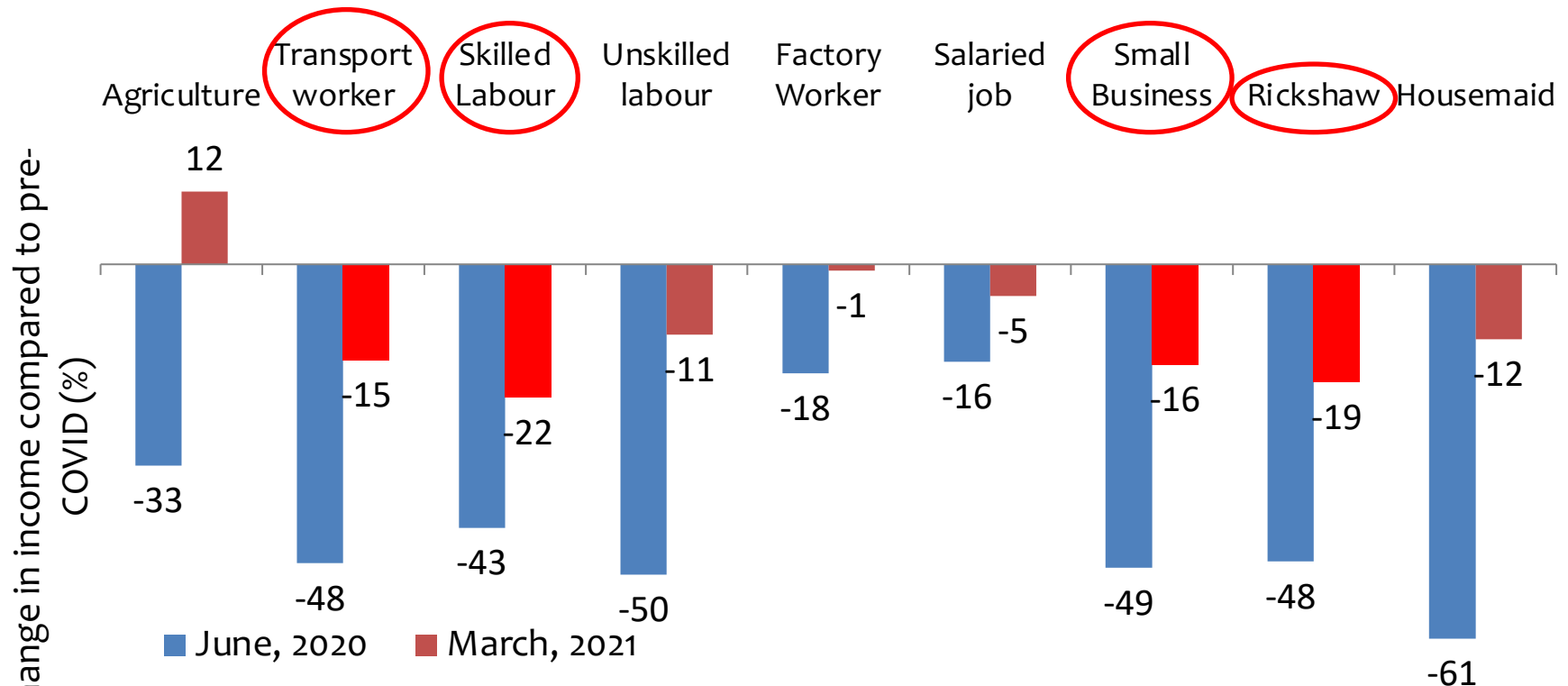


# Per capita income recovery from 2020 severe income drop better for poor compared to non-poor



# 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-COVID levels by occupation

# Migration

# Persistent Trend in Reverse Migration

**27.3%** urban slum dwellers migrated in last one year

**17.5%** migrated and  
**ALREADY RETURNED**

**9.8%** stayed back

**20.5%** migrated before  
June (Early Migrants)

**6.8%** migrated after June  
(Late Migrants)

**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



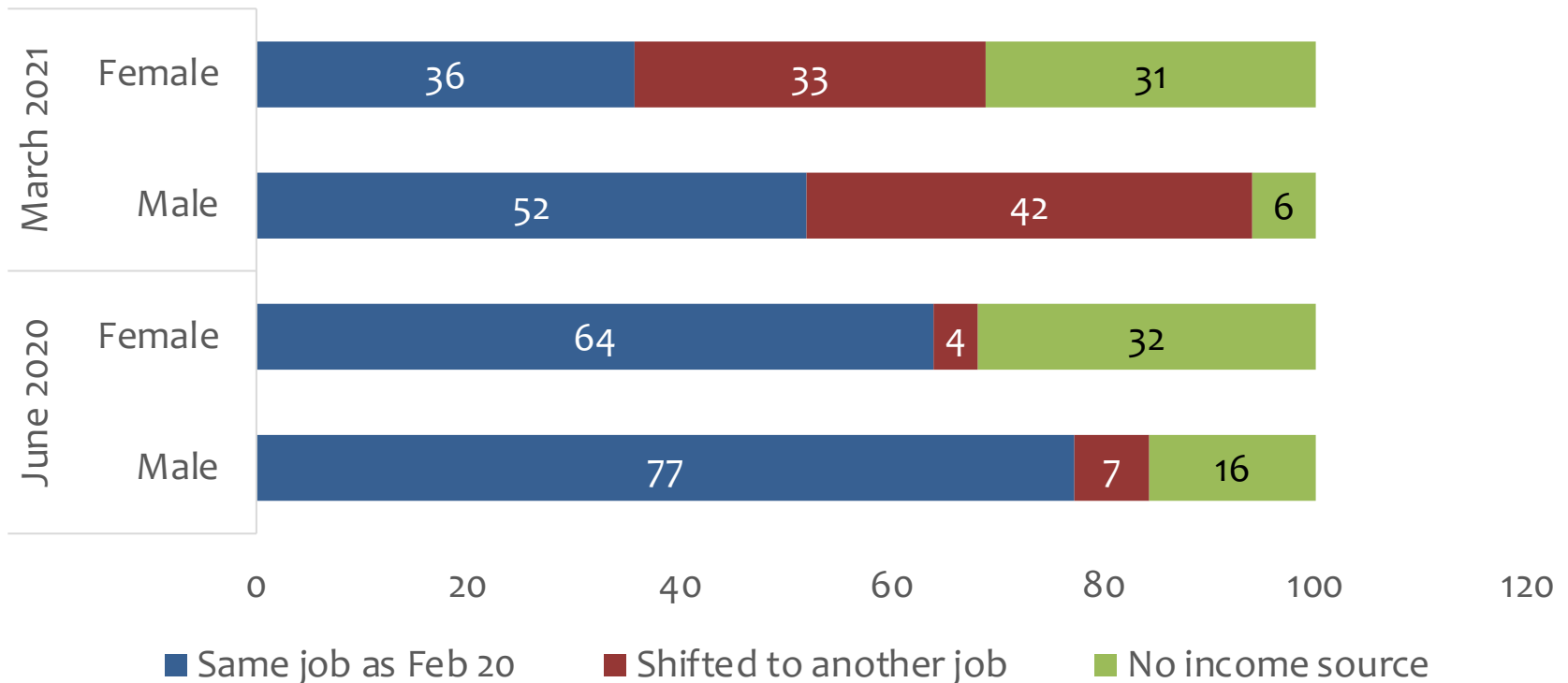
# Employment challenges

## Occupational Shift in 1 Year

	Agriculture	Transport worker	Skilled Labour	Unskilled labour	Factory Worker	Salaried Job	Small Business	Unemployed	Rickshaw puller	Housemaid	Total
Agriculture	47	4	2	24	0	4	9	7	1	0	100
Transport worker	2	60	2	11	0	4	5	4	12	0	100
Skilled Labour	2	2	34	25	1	8	11	15	2	1	100
Unskilled labour	10	3	11	53	0	4	10	7	2	1	100
Factory Worker	2	2	7	10	55	13	4	4	4	0	100
Salaried Job	3	3	6	12	1	55	6	11	3	0	100
Small Business	6	2	5	14	1	5	58	7	2	1	100
Unemployed	9	3	5	10	1	6	7	56	1	2	100
Rickshaw puller	0	18	2	16	0	2	7	5	50	0	100
Housemaid	2	0	4	6	1	3	3	35	0	46	100

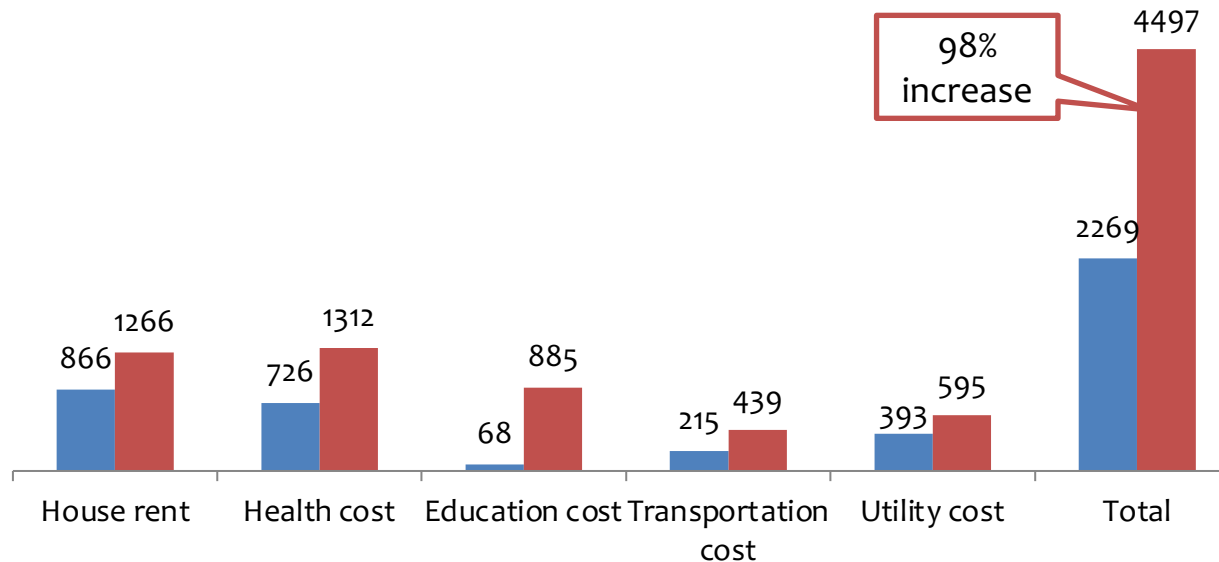
- ❑ **Sticky unemployment rate for women, 5 times higher than men in March**
- ❑ **Both men and women tried to switch jobs**
- ❑ **Re-entry challenges** for women due to economic and non-economic factors

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



# **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'**

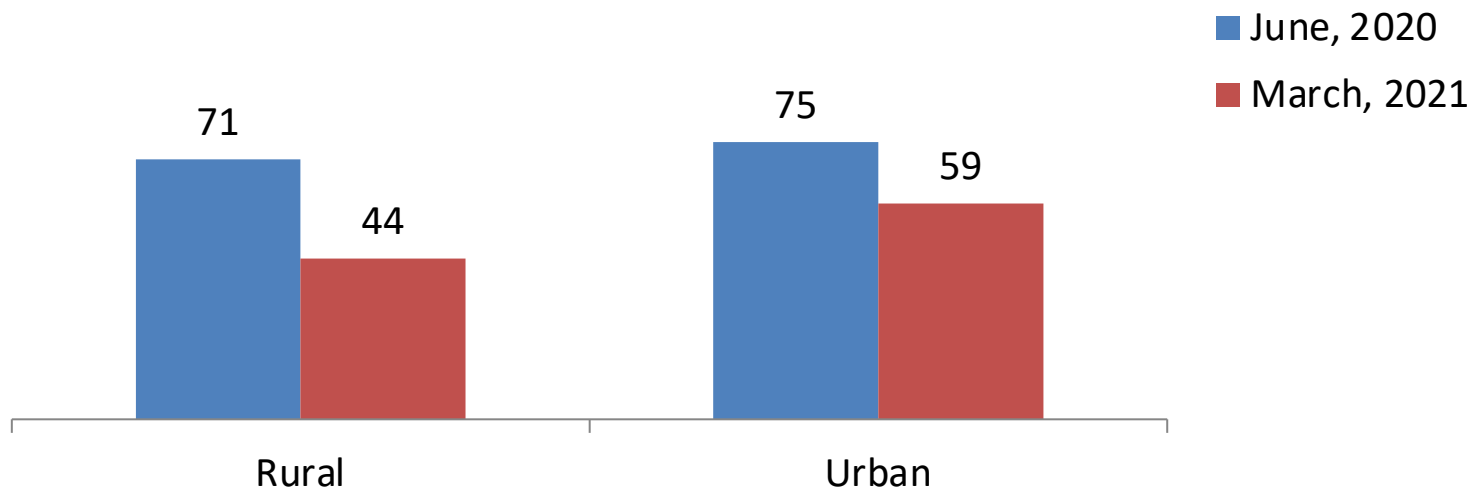
- ❑ PPRC-BIGD Study on economic impact of the Covid crisis first coined the term '**new poor**' in April, 2020 to dramatize a new reality of a significant number of households above the poverty line slipping back into poverty.
- ❑ This band of people included various occupational groups who make up the 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

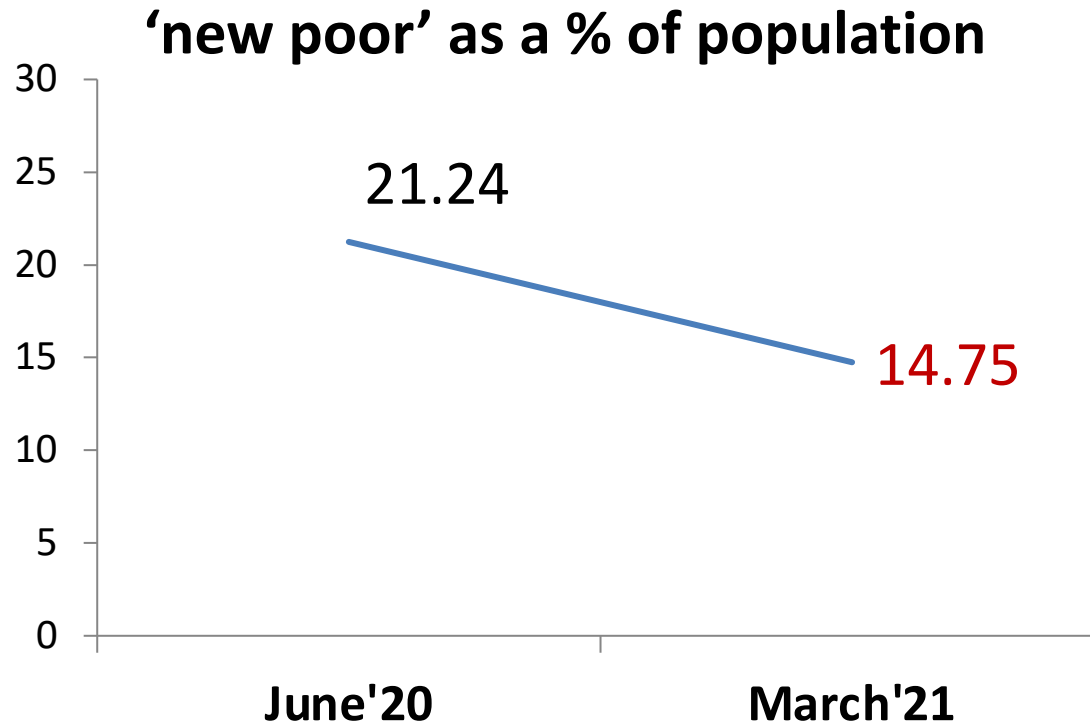
**59%** in Urban and **44%** in rural

Pre-COVID vulnerable non-poor are below poverty line

**% of Pre-COVID VNP below poverty line**



## National estimation of 'new poor'



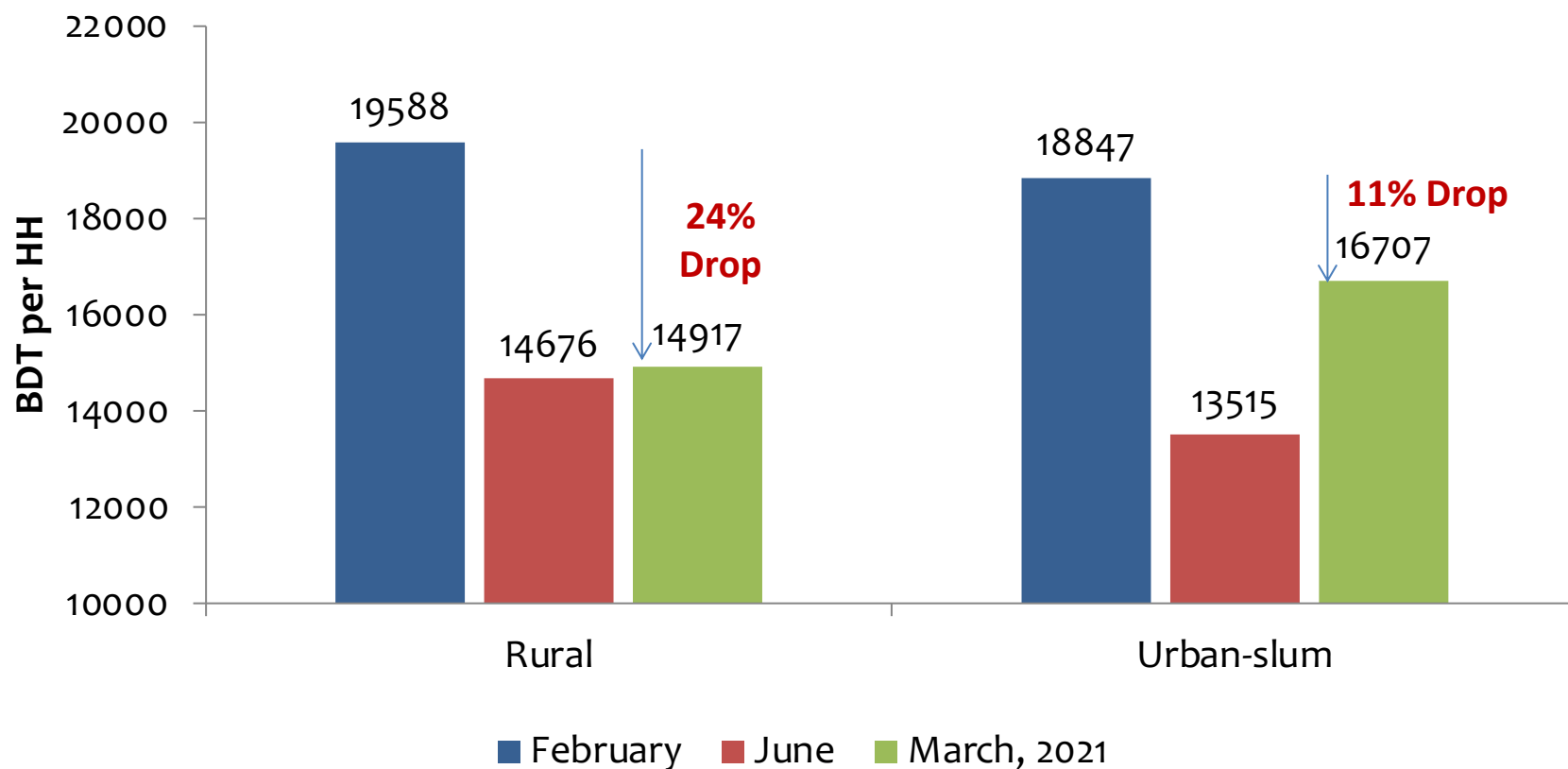
**Despite some recovery between June, 2020 and March, 2021, national estimate of 'new poor' still stands in March 2021 at 14.75% which translates into a population of 24.5 million.**



**Depleted Coping Capacity  
on the Brink of 2<sup>nd</sup> Wave**

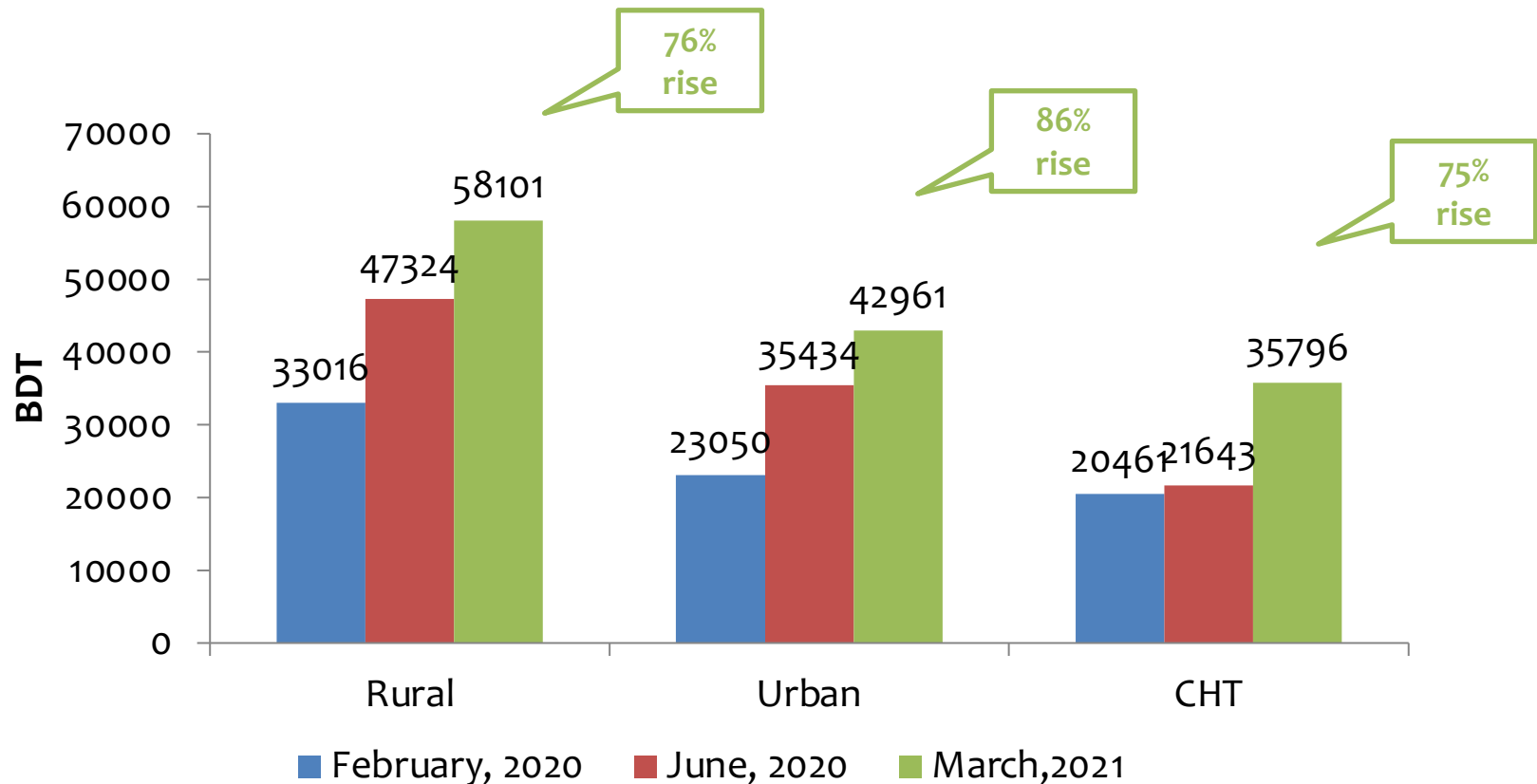
# **Saving depletion**

# Saving depletion in both urban and rural



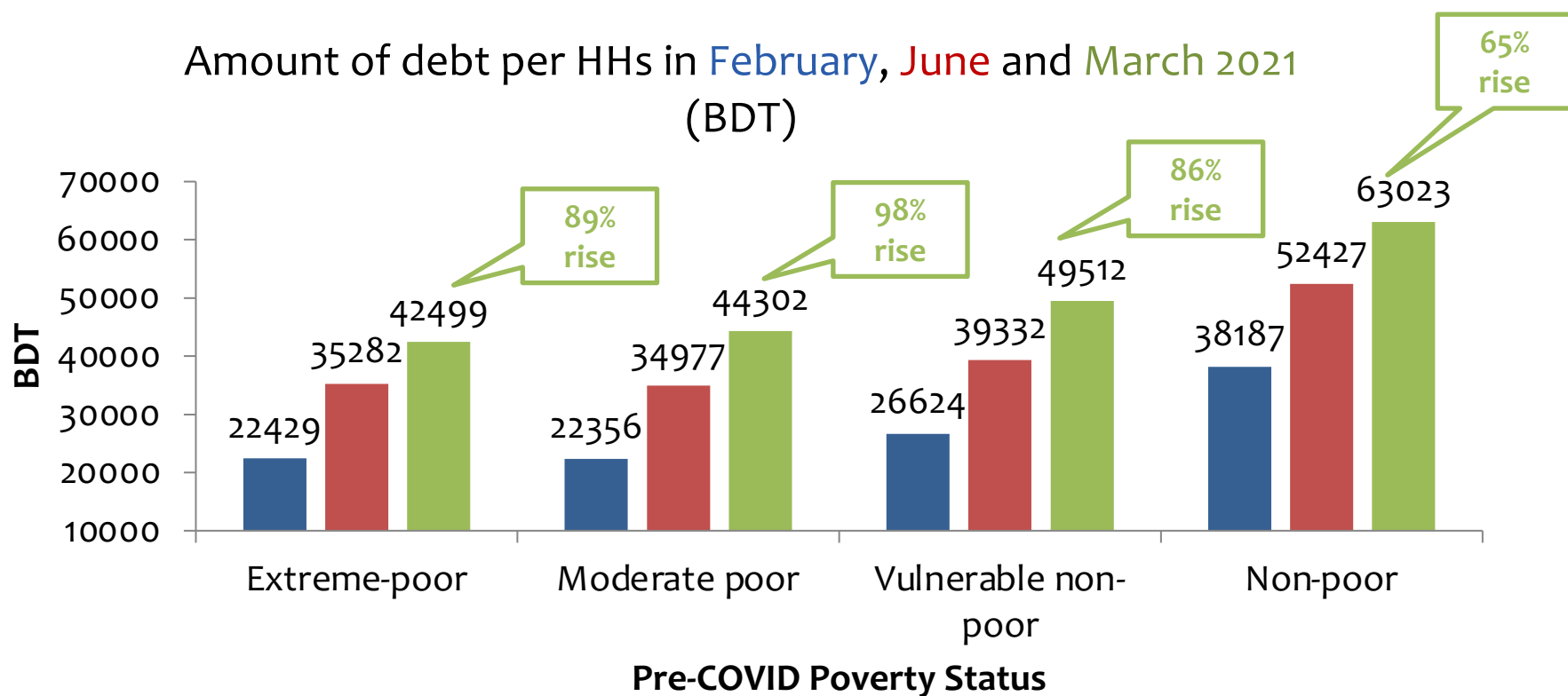
# Debt Accumulation

- ❑ % 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

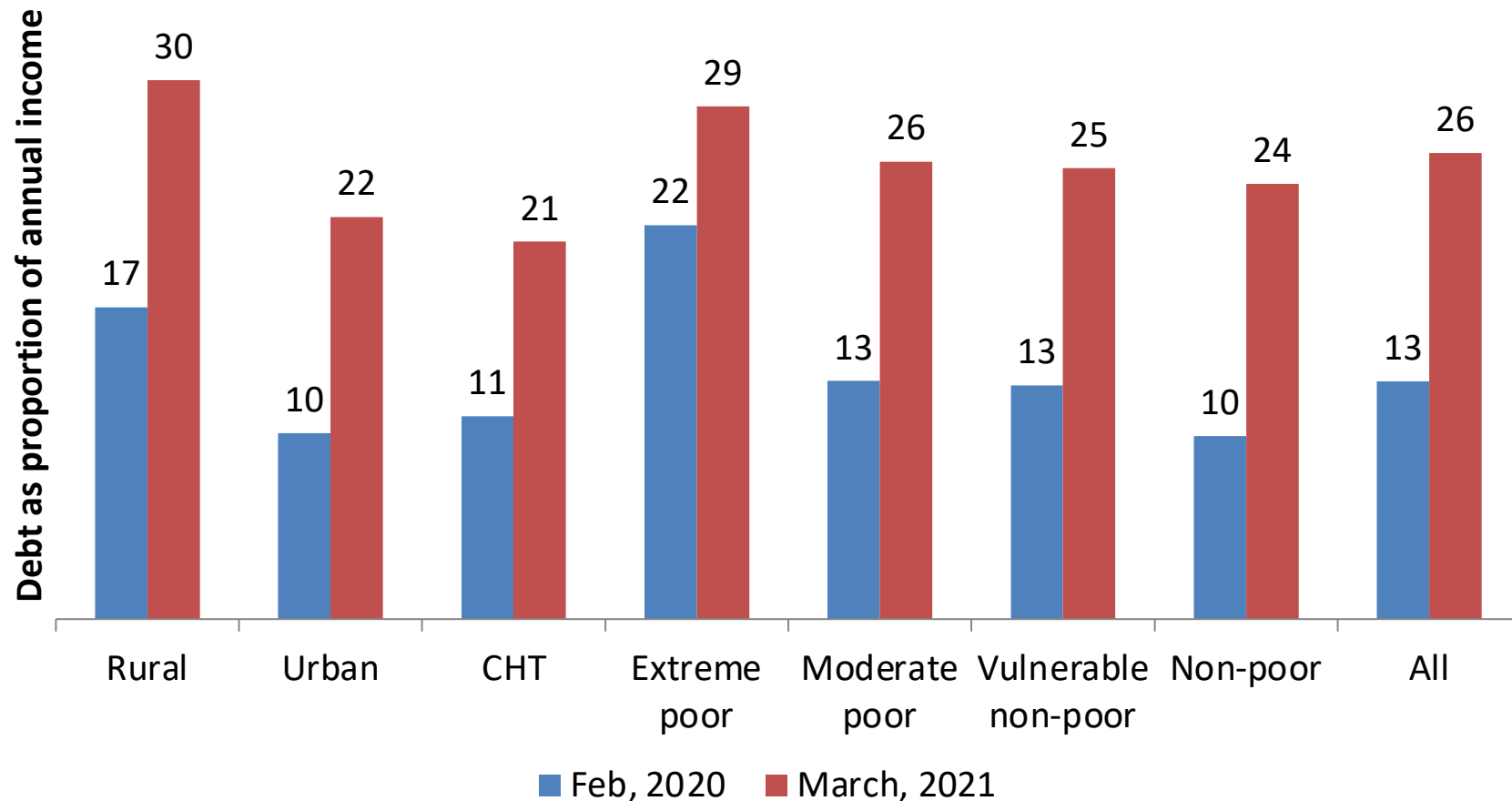


❑ % of HHs taking loan **doubled** from pre-COVID level across all income categories

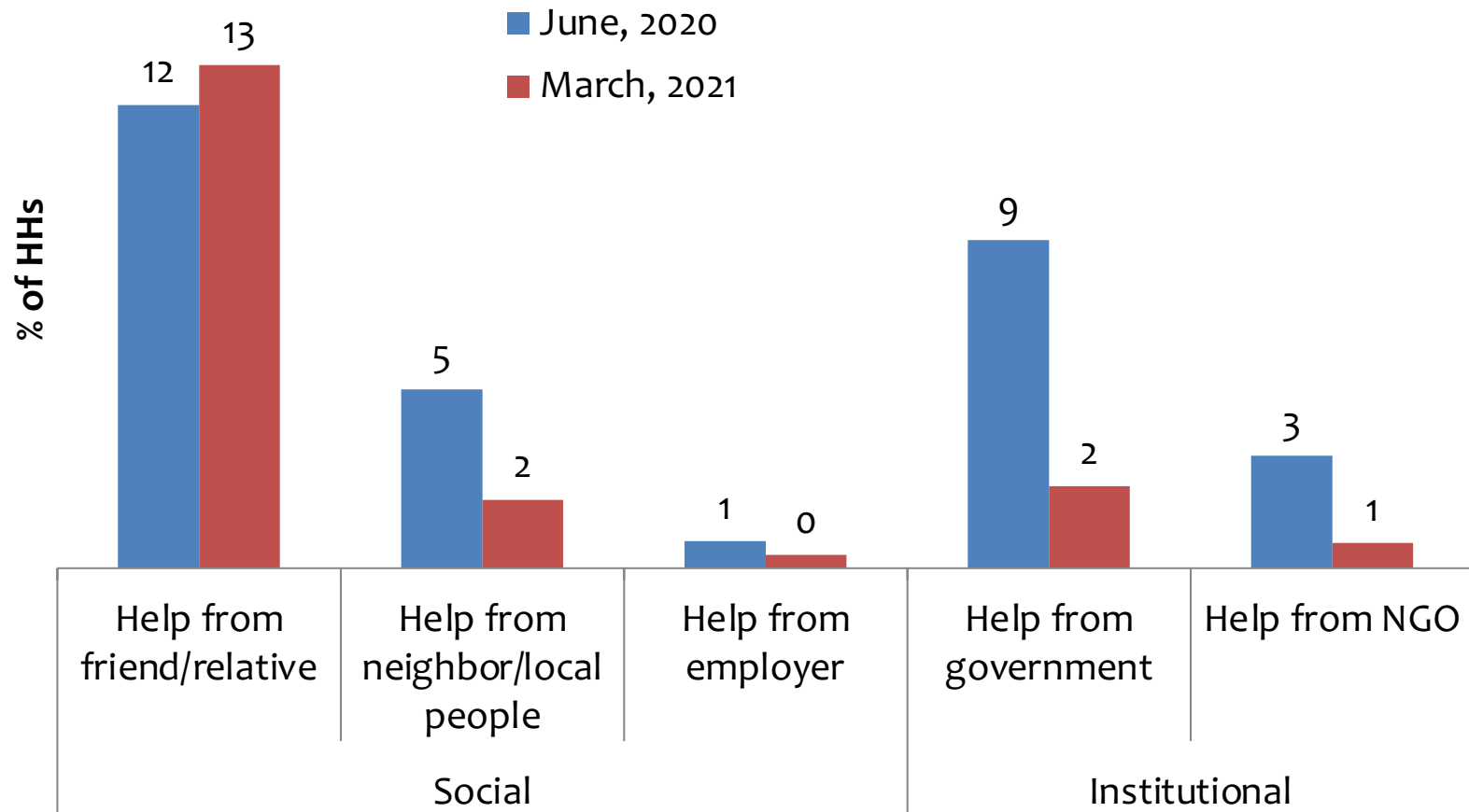
❑ HH level debt amount **almost double** from pre-COVID across all income groups



# Debt proportion in annual income level almost double from pre-COVID



# Decrease in Social and Institutional Supports to meet food security







# 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.

# Highlights contd.

- **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<sup>nd</sup> 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<sup>st</sup> 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.

# Policy Messages contd.

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.