PPRC
Power and Participation Research Centre

brac
institute of
governance &
development

PPRC-BIGD Rapid Response Survey

Livelihoods, Coping and Recovery During COVID-19 Crisis

October 2020

With support from

WFP World Food Programme

THE 2020 NOBEL PEACE PRIZE LAUREATE

PPRC-BIGD 2nd Rapid Response Research

Livelihoods, Coping and Recovery During COVID-19 Crisis

Report Team

Hossain Zillur Rahman

Atiya Rahman

Umama Zillur

Imran Matin

Sabrina Miti Gain

Fatema Mohammad

Shakil Ahmed

Research Team

BIGD	*PPRC*
Atiya Rahman, Senior Research Associate Dr Imran Matin, Executive Director Dr Narayan C Das, Senior Research Fellow Shakil Ahmed, Senior Research Associate Tanvir Ahmed Mozumdar, Research Associate	Hossain Zillur Rahman, Executive Chairman Syed M. Hashemi, Trustee Mohammad Abdul Wazed, Senior Fellow Umama Zillur, Research Associate Sabrina Miti Gain, Research Associate Fatema Mohammad, Research Assistant

October 2020

Power and Participation Research Centre (PPRC)
House 15, Road 12, Dhanmondi R/A
Dhaka 1209, Bangladesh
•
BRAC Institute of Governance and Development (BIGD), BRAC University
SK Center (3rd - 7th & 9th Floor), GP, JA-4, TB Gate, Bir Uttam AK Khandakar Road, Mohakhali
Dhaka 1212, Bangladesh

Cover design: Umama Zillur

First published: October 2020

Contents

Table of Figures

Table of Tables

Preface

COVID-19 began as a health crisis but in time has triggered a grave and unfolding economic crisis, particularly for the poor and vulnerable. For effective policy response to the poverty crisis created by the pandemic, the importance of real-time evidence cannot be over-emphasized. Power and Participation Research Centre (PPRC) and BRAC Institute for Governance and Development (BIGD) have teamed up to conduct rapid response research on the impact of COVID-19 on household-level economic realities in urban and rural Bangladesh. The first survey was conducted in April 2020 when lockdown-type measures had just been introduced. This report is primarily on the second survey conducted in June 2020 after economic activities had partially resumed. It looks at the continuing impact of COVID-19 on livelihoods, employment, and food security as well as the coping mechanisms and the recovery realities of the households.

Both PPRC and BIGD have an abiding and deep commitment to the social responsibility of the research community and to the generation of independent knowledge capital. The two surveys conducted so far at two points in the impact cycle of COVID-19 have provided invaluable insights on how the impact of COVID-19 is evolving and how individuals and communities are coping with the crisis. PPRC and BIGD intend to undertake a third survey towards the end of the year to assess the medium-term impact of COVID-19.

We gratefully acknowledge the generous supplementary support of the World Food Program (WFP), this year's winner of the Nobel Peace Prize, for the latter surveys. Our deepest gratitude goes to the respondents who agreed to spare the time to talk in their moments of crisis and uncertainty and also the survey team who turned stay-at-home reality into a dedicated field research endeavour.

The research is intended to support better policy responses and design of support programmes for the vulnerable population. PPRC and BIGD are committed to continue providing real-time research support towards achieving the goal of more effective policy responses to this unprecedented crisis of our times.

Hossain Zillur Rahman
Executive Chairman
PPRC

Imran Matin
Executive Director
BIGD

1 Introduction

The initial panic of COVID-19 in early 2020 has given way to a broader realization that the pandemic is here to stay, at least for the foreseeable future. Policy and social attitudes too have had to adjust with a shift of perspective from 'life *versus* livelihoods'—centred on lockdown—to one of 'life *and* livelihoods'—centred on the resumption with economic activities albeit with safety measures. In April 2020 when lockdown measures had been put in place, Power and Participation Research Centre (PPRC)[1] and BRAC Institute for Governance and Development (BIGD)[2] teamed up to launch a rapid response telephonic survey on the immediate impact of COVID-19 on livelihoods and household welfare.[3] The survey (Phase I) utilized respondent telephone databases from earlier surveys in urban slums and rural poor.

Our real-time research evidence on the economic impact of COVID-19 during the early phase of the pandemic generated a great deal of attention. Realizing the value of this research, PPRC and BIGD resolved to undertake additional rounds of survey as the pandemic situation evolves. The World Food Program (WFP) came forward to provide supplementary support to this end.

After an interval of three months, by when economic activities had largely resumed, we launched the second survey (Phase II) in June 2020 on livelihood and coping during the COVID-19 crisis, with an additional focus on recovery dynamics.

[1] **Power and Participation Research Centre (PPRC)** is a Dhaka-based policy research centre that emerged out of the BIDS 62-village Analysis of Poverty Trends Project of the 1990s with a strong track record on policy research on poverty, governance, social protection, inclusive growth, UHC and sustainable urbanization (pprc-bd.org). Some examples of PPRC rapid response research: Hossain Zillur Rahman, 1998, *Early Warning on Post-Flood Coping: Findings on In-Migration to Dhaka after 1998 Floods*, PPRC; PPRC, 2009, *A SIDR-AILA Postscript: Coastal Vulnerability and Response Challenges*, based on 4 rounds of PPRC Surveys 2007-2009; Hossain Zillur Rahman & Salehuddin Ahmed, 2010, *Resilience Amidst Uncertainty: Growth and Poverty Perspectives after global financial crisis*, PPRC; Hossain Zillur Rahman & Liaquat Ali Choudhury, 2009, *Food Price Inflation: Impact and Response: Lessons from Recent Experiences*, PPRC & Concern Worldwide.

[2] **BRAC Institute for Governance and Development (BIGD)** is a research and academic institution of BRAC University in Bangladesh and is focused on both post-graduate academic courses and governance and development research. BIGD has undertaken a number of COVID-19 related rapid response research as cited here: Mahpara, P. (2020), *Media Tracking of Domestic Violence in Bangladesh*. Dhaka: BIGD, BRAC University; Antara, I. J. (2020), *Impact of COVID-19 Crisis on the Wages and Employment in the RMG Sector and Role of Trade Unions*. Dhaka: BIGD, BRAC University; Sultan, M., Hossain, M. S., Islam, S., Chowdhury, K., Naim, J., & Huq, F. (2020), *COVID-19 Impact on RMG Sector and the Financial Stimulus Package: Trade Union Responses.* Dhaka: BIGD, BRAC University; Hossain, N., Ali, T. O., Hassan, M. M., & Hoque, M. M. (2020). *Trust, Institutions, and Collective Action: Rapid Study of Community Responses to COVID-19 in Bangladesh.* Dhaka: BRAC Institute of Governance and Development (BIGD), BRAC University; Zaman, S., Rahman, S., Rabbani, M., & Matin, I. (2020). Crisis of Communication during COVID-19: A Rapid Research. Dhaka: BRAC Institute of Governance and Development (BIGD), BRAC University

[3] PPRC-BIGD Rapid Response Research: *Livelihood, Coping and Support During COVID-19 Crisis*, April, 2020, PPRC and BIGD, Dhaka.

2 Methodology

2.1 Survey mode

We needed to adapt our survey mode in the context of restricted mobility and interaction because of COVID-19. We identified the telephonic survey as the most practical way of reaching a wide number of respondents efficiently.

2.2 Sampling and survey instrument

Both BIGD and PPRC have telephone contact databases from previous surveys. Two large urban and rural contact databases of BIGD collected in 2017, and smaller contact databases of PPRC collected in 2019, were particularly relevant to this survey. The sample was mainly drawn from the following datasets (i.e. benchmark surveys):

1. BIGD's census of 24,283 households (HHs) in 35 slums (randomly chosen from 150 slums of BRAC's Urban Development Program) across nine districts of five divisions including Dhaka, Chattogram, Khulna, Barishal, and Rangpur, conducted from October 2016 to January 2017.
2. BIGD's nationally representative survey of 26,925 rural HHs across 64 districts of all eight divisions, conducted from October 2017 to January 2018.

Phase I survey in April 2020 included a total sample of 12,000 HHs, of which 6,000 were randomly selected from the urban database. In the rural database, HHs are classified into three income categories based on per capita income—extreme poor, poor, and non-poor. From each category, 2,000 samples were randomly selected, 6000 urban samples in total. Details on the sampling for the Phase I survey and the benchmark surveys are available in Rahman and et al. (2020). Out of 12,000 HHs, we could successfully interview 5,471 HHs over the phone.

Phase II survey was carried out in June 2020. In addition to the 5,471 HHs successfully interviewed in Phase I, 6,200 new HHs were drawn from the same datasets—4,000 from the urban dataset and 2,000 from the rural dataset. The larger urban sample was selected to facilitate disaggregated analysis of the urban centres. In addition, 200 samples were drawn from a third PPRC database on hard to reach areas, Chattogram Hill Tracts (CHT) region in Southeast Bangladesh.

As mentioned earlier, the Phase I urban samples were randomly drawn. For Phase II, all remaining samples from Khulna, Barishal, and Rangpur divisions, 2,089 in total, were taken from the urban dataset because Phase I urban sample did not have enough sample from these divisions. Additionally, 955 and 956 samples were randomly drawn from the remaining samples of Dhaka and Chattogram divisions. From the rural dataset, an additional 2,000 HHs were randomly drawn from the remaining samples of the benchmark survey.

Of the 11,671 households in the final sample, 7,638 were successfully interviewed, of which 4,424 (58%) are panel sample, those surveyed in Phase I. The rest are new, of which 3,121 HHs (41%) are new sample and 93 HHs (1%) are from the CHT. The success rate of reaching the respondents was highest for the panel sample (81%) while about half the new samples could be interviewed. The household head was the default respondent in the survey. If the household head was not available, the spouse or other income earner was interviewed.

Table 1: Sample size and success rate of the survey

	Selected Sample (HHs)	*Successful survey (HHs)*	*Success Rate*
Panel Sample	*5,471*	*4,424*	*81%*
New Sample	*6,000*	*3,121*	*54%*
CHT Sample	*200*	*93*	*47%*
Total	*11,671*	*7,638*	*65%*

A quantitative and close-ended questionnaire was developed through intensive brainstorming sessions and discussions. Pre-testing of the survey instrument examined the reliability and validity of the survey questions and estimated the required timing to complete a survey. The survey questionnaire mainly included segments on the impact of the COVID-19 crisis on their livelihoods, coping mechanisms, food security, non-food expenditures, relief governance, and their level of awareness and perceptions about the crisis. In Phase II, each contact number was revisited three times via mobile phone to increase the success rate. Average time for conducting the interview was 30 minutes. The survey was conducted from 20 June to 2 July 2020.

Deep involvement of BIGD and PPRC researchers in instrument development and strong pre-testing of the instrument ensured that the survey questions were easily understood by respondents and that the interviewers had sufficient time for interviewing.

2.3 Analysis

As earlier mentioned, we have panel households—who were surveyed in both April and June—and we have new households—who were only surveyed in June. For panel households, we analyse two-round data to understand the impact of COVID on income and food poverty, labour market dynamics, coping mechanisms, and mobility dynamics. To understand other realities and responses, i.e. non-food expenditure burden, social protection, and relief governance, we could only utilize the post-lockdown data for both panel and new households.

Rahman et al. (2020) show that the majority of Phase I's successfully interviewed households were extreme poor, as of income before the pandemic (i.e. February 2020). To minimize this bias, we assigned weights for analysis. For rural samples, the weights were the ratios of the number of BIGD's nationally representative sample to the number of our surveyed HHs for each income group because the sample was equally drawn from each group of the nationally representative

survey. For urban samples, the weight was the ratio of BIGD's representative sample of urban slums to the number of our surveyed sample because we randomly drew the sample from the urban slum's representative samples. These are the weights for the panel households.

Moving to the assigned weights for the new samples, we randomly drew these samples from both rural and urban slums' representative surveys. Thus, the weights were the ratios of our surveyed samples to the representative samples of each zone—rural and urban.

2.4 Limitations

Both Phase I and Phase II surveys had to be conducted within a short period because of the urgency to address the COVID-19 induced economic fallout. As a result, we had to rely on the proxy indicators of reported income and consumption rather than rigorous and detailed calculation of income and consumption. This renders the measures approximate rather than exact.

3 Respondent profiles

3.1 Regional profile

Of the 7,638 successfully interviewed HHs, 56% are from slum-dwelling HHs across city corporations and municipalities whereas 43% are from rural Bangladesh (Figure 1). One per cent HHs were from Chattogram Hill Tracts.

Figure 2 describes the urban sample distribution. Of the 4,241 urban slum HHs, 27% are from Dhaka, 25% from Khulna, and 25% from Chattogram. Respondents from Rangpur and Barishal represented 16% and 8% of the total urban sample, respectively.

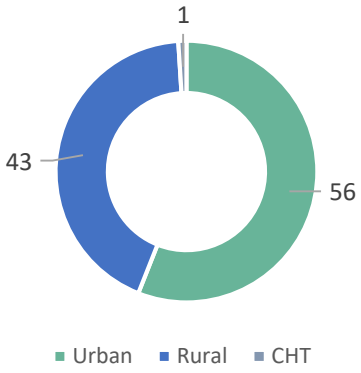


Figure 1: Sample distribution: Rural-Urban (% of HHs)

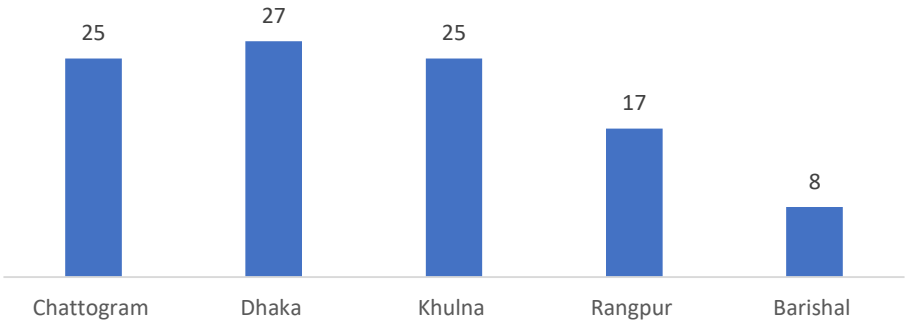


Figure 2: Urban sample distribution by division (% of surveyed HHs)

3.2 Demographic profile

Average family size of the sample was 4.97. Average earning member per family was 1.36. Fourteen per cent of the sample was female-headed HHs.

3.3 Economic profile

3.3.1 Poverty classification

We have classified the respondents into four income categories based on per capita reported income for February 2020 (pre-COVID):

Extreme poor: HHs with per capita monthly income below or equal to the lower poverty line have been categorized as extreme poor. The HIES 2016 report presents divisional lower poverty lines using the Cost of Basic Needs (CNB) method. The lower poverty lines vary across divisions and by rural and urban areas. Thus, we have decided to use inflation-adjusted divisional, urban-

rural lower poverty lines. For example, a rural household in Barishal division has been categorized as extreme poor if its per capita income was below BDT 2,264 in February 2020; similarly, a rural household in Chattogram division has been categorized as extreme poor if its per capita income was below BDT 2,58. Likewise, the HHs living in urban areas have been classified as extreme poor based on per capita monthly income of urban areas of the division they live in.

Moderate poor: HHs with per capita monthly income above the lower and below or equal to the upper poverty lines have been categorized as poor. Similar to the lower poverty line, we have used the inflation-adjusted divisional urban-rural upper poverty lines, presented in the HIES 2016 report.

Vulnerable non-poor: Though official classification does not include the category of vulnerable non-poor, the need was already identified in earlier poverty studies[4] to differentiate the group that is at risk of falling back to poverty from the group that is not. The PPRC-BIGD survey findings have validated the need for differentiating the vulnerable non-poor, HHs subsisting within a vulnerable band above the poverty line. Through discussions with former Bangladesh Bureau of Statistics (BBS) colleagues, the parameter for this vulnerability band was established as the range between the upper poverty line and the inflation-adjusted median income. The then Director of the Household Income and Expenditure Survey (HIES) informed us that per capita median income in HIES 2016 was BDT 3,040 which stands at inflation-adjusted BDT 3,872 in 2020. So, the vulnerable non-poor in this survey are those whose reported income, in terms of February 2020, was between the upper poverty line income and the median income.

Non-poor: We have categorized the HHs with per capita monthly income above the median income (i.e. BDT 3,872 for 2020) as non-poor.

3.3.2 Pre-COVID (February) income status

The survey sample has a strong poverty bias. According to the reported pre-COVID (February 2020) income, 38% of sample HHs were extreme poor, 18% were moderate poor, 18% were vulnerable non-poor, and 26% non-poor.

The disaggregated distribution in terms of urban, rural, and CHT is shown in Figure 3. The proportion of extreme poor was highest (68%) in the CHT sub-sample followed by the rural sub-sample (44%) and the urban sub-sample (33%). At the other end, the proportion of non-poor was highest (31%) in urban sub-sample while the percentage in rural and CHT sub-samples were 19% and 17% respectively.

[4] Hossain Zillur Rahman & Mahabub Hossain, 1994, *Rethinking Rural Poverty: Bangladesh as a Case Study*, SAGE Publications

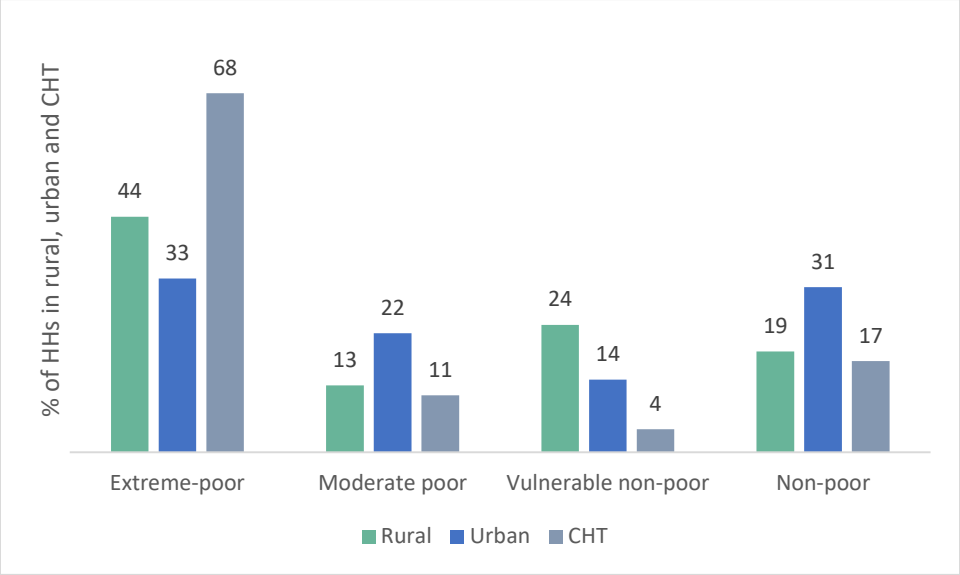


Figure 3: Pre-COVID income status (% of HHs)

3.3.3 Main source of income

Figure 4 describes the HHs by their source of income. Overall, nearly 40% of the main income earners were from informal occupational groups—rickshaw-pullers, housemaids, day labourers. Salaried and wage labour in garments and other factories were 28% of the overall sample. Another 20% of the sample had business as their main source of income. Additionally, approximately eight per cent of the sample HHs had agriculture as their principal source of income. A very small percentage, i.e. 1.21% of the HHs reported dependence on external help/assistance from formal (government, NGO etc.) and informal (relative/friend/family) sources as their main earning source. The occupational categories used have followed the categorization by the Bangladesh Bureau of Statistics (BBS).

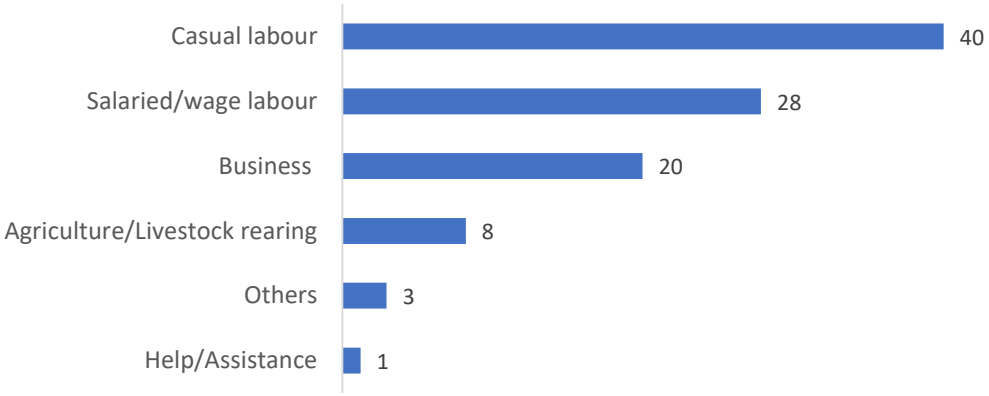


Figure 4: Main sources of Household Income (% of HHs)

3.3.4 Occupational profile

Figure 5 describes in more detail the occupation profile of the sample. The top five reported occupations included unskilled labour (26%), small business owners (19%), transport workers (10%), skilled labour (10%), salaried job holders (9%), and agriculture (8%). On the other hand, 9% of the whole sample reported being unemployed during the survey.

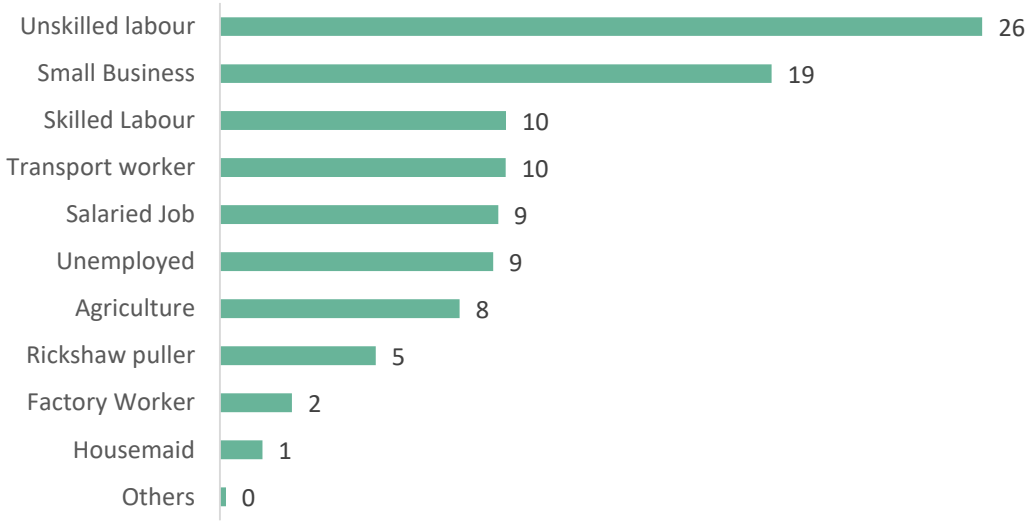


Figure 5: Occupational profile (% of HHs)

4 Impact of COVID-19 on income and poverty

4.1 Income shock, February to June 2020

The need for social distancing to contain COVID-19 is the main reason for the current global economic distress. To curb the pandemic at an early stage, the Government of Bangladesh took 'lockdown-type' measures in mid-March, bringing the economy to a standstill and causing widespread financial distress. By mid-May, the lockdown measures were withdrawn by fits and starts. In Round I, the survey collected information on the per capita HH income in February (pre-COVID) and during the lockdown. In Round II, the survey collected information on the per capita income in June.

Figure 6 describes the extent of the income shock experienced by the surveyed HHs between February and June 2020. The findings show a dramatic and steep decline in income across all income categories, from extreme-poor to non-poor, indicating a system-wide income shock, not limited to a specific group. Moderate poor, vulnerable non-poor, and non-poor HHs all experienced an income drop of 41-45% while the extreme poor, with a very low income to start with, suffered an income drop of 34%.

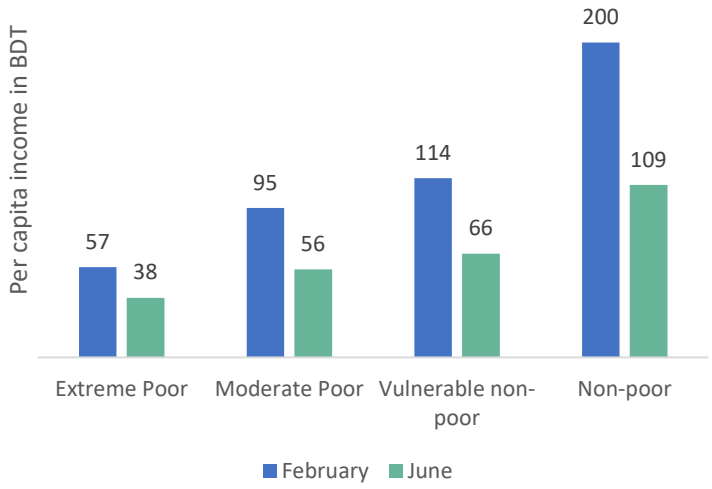


Figure 6: Per capita income in February and June by income categories

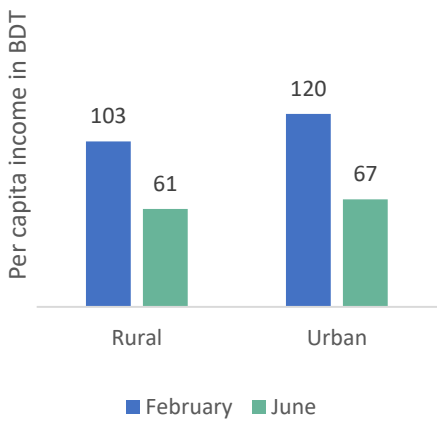


Figure 7: Per capita income in BDT in February and June (rural vs urban)

The income shock was also experienced across all geographical locations (Figure 7). Rural HHs experienced an average income drop of 41% and urban slum HHs a drop of 43% while the already impoverished CHT HHs experienced an income drop of 25%.

4.2 The 'New Poor'

An important finding from the two rounds of surveys in April and June is the emergence of the 'new poor', HHs that had per capita income above the poverty line in February—the month immediately preceding the onset of the COVID-19 crisis—but had fallen below the poverty line because of the crisis. Most of these 'new poor' were from the vulnerable non-poor HHs that had per capita income above the upper poverty line and below the median income in February.

To estimate the size of the vulnerable non-poor at the national scale, the simple procedure is to find the difference between the median (50%) and the current poverty rate (20.5% in 2019). This yields an estimate of (50%-20.5%)=29.5% as the size of the vulnerable non-poor at the national level.

Next, we calculated the proportion of the vulnerable non-poor that have fallen into poverty because of the pandemic and multiply the proportion to the estimated proportion of the vulnerable-non-poor population to find the share of 'new poor' in the population. It is worth mentioning, even though many non-poor HHs were also made poor by the pandemic, we have not included in our calculation of 'new poor'. Figure 8 shows that 74% of HHs who were vulnerable non-poor in February fell below the poverty line in June 2020. The national estimate of 'new poor' in June 2020 then is (73.53% of 29.5%)=21.7%.

This implies that beyond the 20.5% of the population officially recognized as poor, there was a group of 'new poor' representing an additional 21.7% of the population that needed to be included in the discussion on poverty.

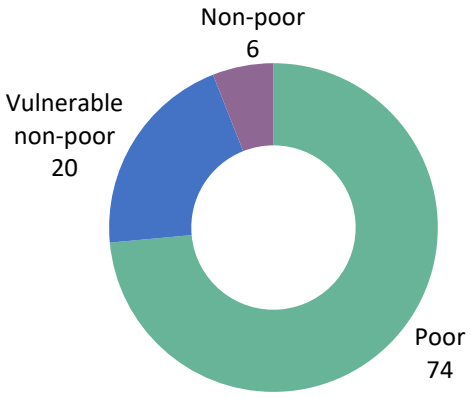


Figure 8: June poverty status of households who were vulnerable non-poor in February 2020 (% of HHs)

4.3 Poverty dynamics February-April-June 2020

For the 4,424 panel HHs who were surveyed in both April and June, availability of three data points for reported income, i.e. February, April, and June, allow us to have a deeper examination of the short-term poverty dynamics. Figure 9 categorizes the panel HHs in terms of their changing poverty status over the February-April-June cycle.

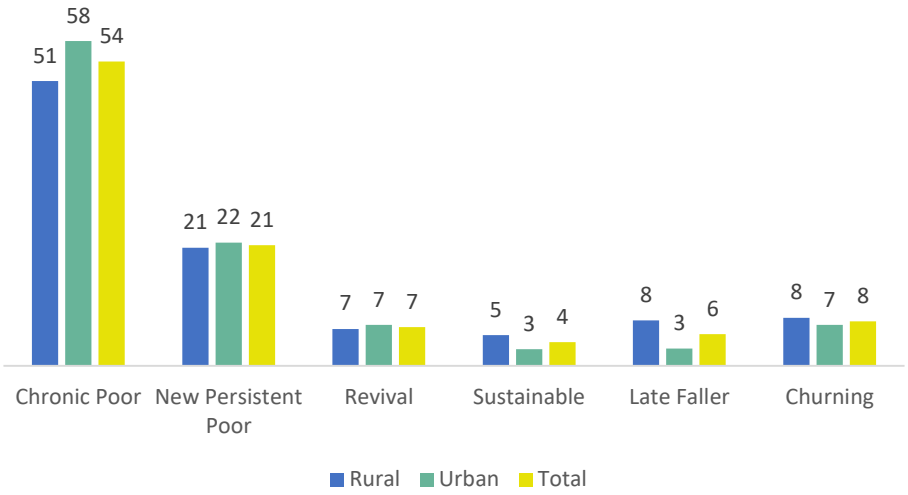


Figure 9: Poverty dynamics, February-April-June 2020 (% of HHs)

Based on their poverty status in February, April and June, the sample of panel HHs can be grouped into five categories with a sixth residual one:

Chronic poor: These HHs were poor to begin with and remained poor over the two rounds of the survey. Overall, they constituted 54% of the sample. It may be pertinent to note that the sample was biased towards the poor.

New poor: These are the HHs who were vulnerable non-poor in February but had since fallen into poverty and remained so in June. Overall, they represented 21.4% of the panel sample with little variation between urban and rural sub-samples.

Late fallers: An additional segment of the 'new poor' are those who were non-poor to start with and remained so in the early stages of the crisis (April) but has since (June) fell below the poverty line. This sub-group was more prominent in the rural sample (8%) than in the urban sample (3%).

On the positive side, there are two groups whose economic fortunes have fared better during the crisis:

Revival: These were the HHs above the upper poverty line in February but had fallen into poverty in the early phase of the crisis (April) but then recovered their income to the level above the poverty line by June. They constituted 6.89% of HHs with a slightly higher percentage in the urban sample (7.25%) compared to the rural sample (6.54%).

Sustainable non-poor: About 4.23% of the sample HHs were non-poor who withstood the income shock of the COVID-19 crisis and remained non-poor all until June. Comparatively, this percentage was lower in the urban sub-sample (2.95%).

Over and beyond the five groups described above, there was a residual group without any common pattern:

Churning: HHs within this group include those who were poor in February and April but were non-poor in June. It also includes HHs who were poor in February, non-poor in April but were poor in June.

5 Labour market dynamics

5.1 Impact on livelihoods, February-June 2020

A key focus of the survey was the impact on livelihoods. Figure 10 describes this impact for all those HHs who were gainfully employed immediately before the pandemic hit (February). While 76% were able to continue in the same occupation in June, 17% lost their livelihoods and became unemployed. About seven per cent retained livelihood by shifting occupations.

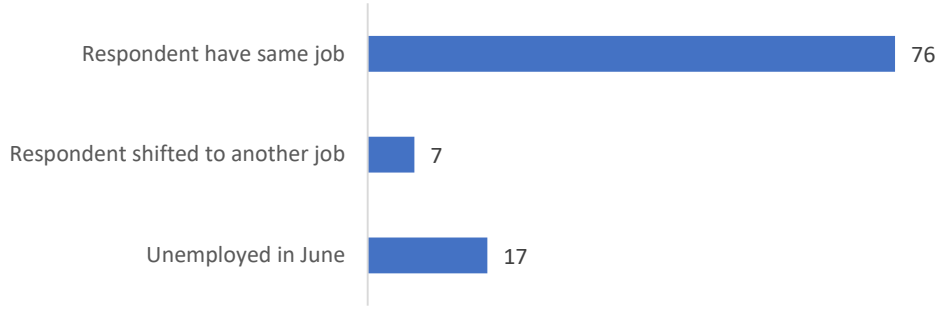


Figure 10: Impact on livelihoods, February-June 2020 (% of respondents that were employed in February 2020)

The scale of the livelihood impact varied across occupations. Informal occupations and women-centric occupations suffered greater livelihood loss relative to formal sector occupations (Figure 11). However, no occupation was immune from the livelihood shock.

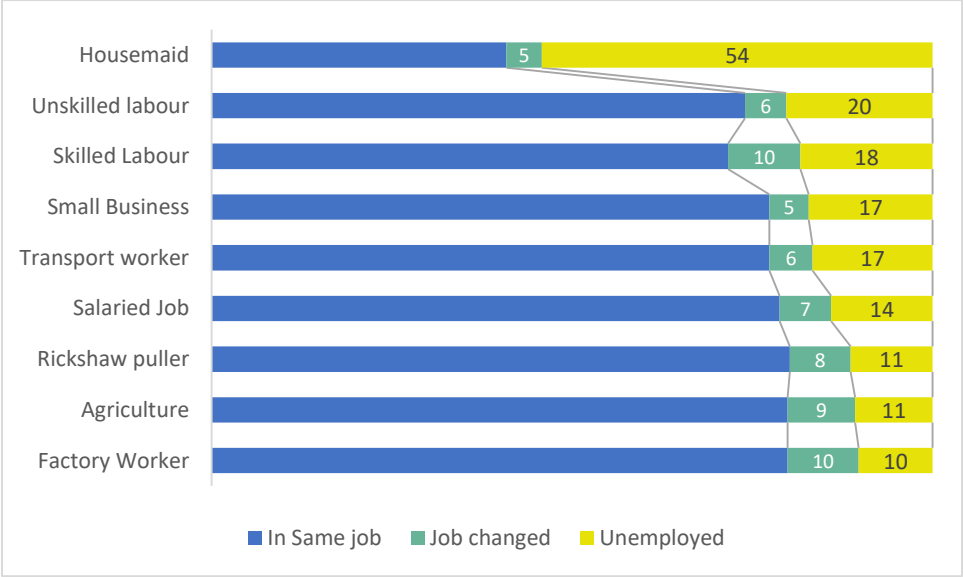


Figure 11: Occupation-wise livelihood impact (% of respondents who were employed in February)

Housemaids suffered the worst impact, 54% respondents in this category were unemployment in June. Unskilled labours suffered a 20% growth in unemployment. Comparatively, the lesser-affected occupation groups were factory workers, farmers, and rickshaw-pullers with an unemployment rate of 10%, 11% and 11%, respectively.

The livelihood impact can be seen not only in job loss but also in the loss of earnings among those continuing the same occupation. Figure 12 describes the occupation-wise reduction in income in June from February 2020.

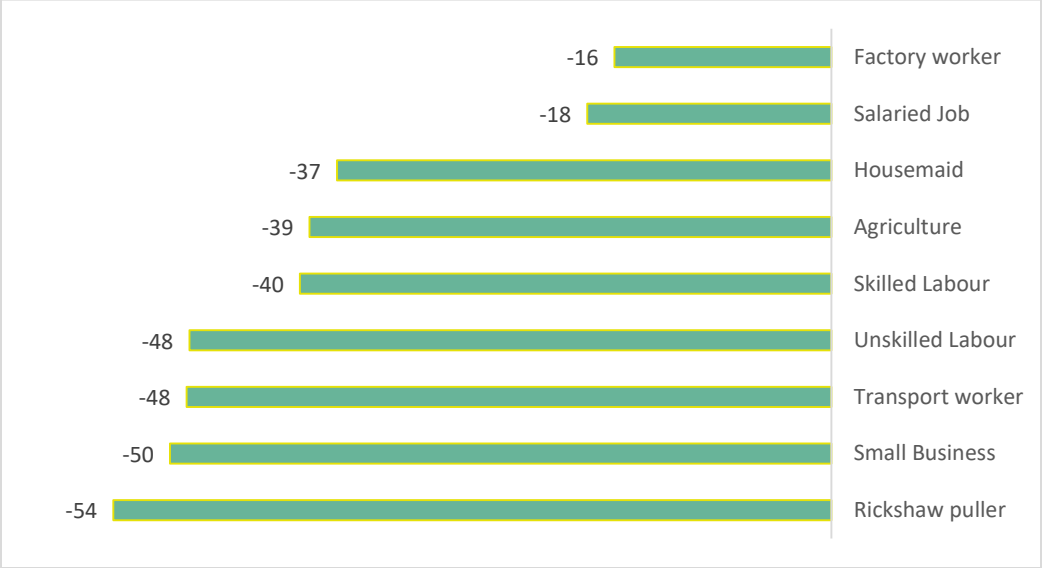


Figure 12: Occupation-wise reduction in income, February-June 2020 (% of those who were continuing the same occupation)

The two occupations in the formal sector —factory work and salaries job—suffered the least contraction in income, between 16 and18 per cent. From figure 11, we see that rickshaw-pullers had been relatively less affected by unemployment. But this masked a reality that they had suffered the highest income drop of 54%. Unskilled labour, transport worker and small businesses were also suffering a nearly 50% drop in earnings. For housemaids, the earning drop was comparatively small (37%), but as seen from the preceding table, this occupation category suffered the highest rate of unemployment.

5.2 Occupational transition

The survey data also provides some insight into labour market dynamics. Overall, 76% were continuing in the same job and about seven per cent had shifted to another job. Table 2 further disaggregates these trends for each occupation.

We find that majority of those who shifted occupation found work as unskilled labour, generally less lucrative than the jobs they held before; so, the move is largely out of desperation and not to pursue an opportunity. Even the three occupation groups belonging to the formal sector—factory workers, salaried workers, and skilled workers—found employment as unskilled labour as the main livelihood option to escape unemployment. Most rickshaw-pullers and housemaids when faced with the need to seek alternative employment could only find work as unskilled labour. The only other opportunity of note was the small business occupation; 2% of farmers, 2.5% of skilled labour, 2.4% of factory workers, 1.4% of salary workers, and 1.2% of rickshaw-pullers started small businesses.

Table 2: Occupation in February vs June 2020 (% of respondents)

Occupation in February	*Agriculture*	*Transport worker*	*Skilled Labour*	*Unskilled labour*	*Factory Worker*	*Salaried Job*	*Small Business*	*Unemployed*	*Rickshaw puller*	*Housemaid*
Agriculture	*80%*	*1%*	*1%*	*6%*	*0%*	*0%*	*2%*	*11%*	*0%*	*0%*
Transport worker	*1%*	77%	0%	3%	0%	0%	1%	17%	1%	0%
Skilled Labour	*0%*	1%	72%	5%	0%	1%	**3%**	18%	1%	0%
Unskilled labour	***3%***	1%	0%	74%	0%	0%	1%	20%	1%	0%
Factory Worker	*0%*	1%	0%	5%	80%	0%	**2%**	10%	1%	1%
Salaried Job	*2%*	0%	1%	2%	0%	79%	1%	14%	1%	0%
Small Business	*2%*	0%	0%	2%	0%	0%	77%	17%	1%	0%
Unemployed	*1%*	0%	0%	1%	0%	1%	1%	97%	0%	0%
Rickshaw puller	*0%*	1%	0%	6%	0%	0%	1%	11%	80%	0%
Housemaid	*0%*	0%	0%	3%	0%	0%	0%	54%	0%	41%

5.3 Gender differences in employment impact

Table 3 describes the post-opening livelihood for men and women separately. Clearly, female workers are considerably worse off compared to male workers. Housemaids are the worst affected with 54% unemployment in June. Women with a small business and in unskilled labour were also significantly worse off than men in the same occupations. Around 35% female small business owners became unemployed compared to 16% male business owners. In the case of unskilled labour, 31% of the female workers became jobless in contrast to 20% unemployed men. The unemployment rate among women in almost all the common occupations is higher than men.

In addition, in almost all occupational categories, more men who lost their job found an alternate employment compared to women.

Table 3: Gender differences in employment impact in June (% of respondents who were employed in February 2020)

Occupation in February	In same job		Job changed		Unemployed	
	Male	Female	Male	Female	Male	Female
Factory worker	79%	81%	12%	3%	8%	16%
Agriculture	80%	74%	9%	7%	10%	19%
Salaried job	80%	66%	7%	13%	14%	20%
Small business	79%	61%	6%	4%	16%	35%
Transport worker	77%	100%	6%	0%	17%	0%
Skilled labour	71%	74%	10%	9%	18%	17%
Unskilled labour	79%	81%	12%	3%	8%	16%
Rickshaw-puller	80%	74%	9%	7%	10%	19%
Housemaid	80%	66%	7%	13%	14%	20%

6 Impact on food security

6.1 Four indicators of food insecurity

Phase I of the study conducted in April examined how the pandemic had affected food insecurity in terms of the food expenditure and the nutritional impact in HHs across urban and rural areas as well as income groups. Phase II of the study conducted in June explored whether the food consumption of the food insecure household improved from the initial reduction in March. To assess the impact on food security, four indices of food insecurity were examined:

1. ***Hunger index:*** Number of meals taken the previous day as a proxy indicator of calorie intake,
2. ***Negative coping:*** Reducing consumption to cope with reduced income,
3. ***Nutritional security:*** Extent of diet diversity in daily food intake, and
4. ***Food expenditure recovery post-opening:*** Trend in food expenditure over April-June.

6.2 State of food security, June 2020

6.2.1 Hunger Index

Information was collected on the number of meals taken the previous day as a proxy for daily caloric consumption. If the number of meals taken is less than the norm of three meals, this is taken to indicate the prevalence of hunger in the household. Table 4 describes the findings on this indicator, disaggregated by location and poverty status.

Table 4: % of HHs having less than 3 meals a day

Urban-Rural	*% of HHs having less than 3 meals a day*
Urban	12
Rural	6
Location	
Dhaka	15
Chattogram	12
Other divisions	10
Poverty status	
Extreme poor	12
Moderate poor	3
Vulnerable non-poor	3
Non-poor	3

Predictably, the highest proportion of the HHS suffering from hunger is the extreme poor group (12%). In terms of spatial location, Dhaka appears to be the worst-off with 15% of sample respondents reporting less than three meals a day. Similarly, urban sub-sample is also worse-off vis-à-vis rural sub-sample with 12% of HHs suffering from hunger compared to 6% for the rural sub-sample.

6.2.2 Food consumption reduction as a negative coping strategy

HHs utilize multiple coping strategies to address food security when confronted with income shocks. One of the strategies which we have labelled as negative coping is to curtail consumption. The data collected here is the frequency with which respondents cited negative coping as one of the coping strategies. For the panel sample, this data is available for two points in time during the crisis—April and June (Figure 13). This shows some improvement in June vis-à-vis April but still nearly a third were still resorting to income reduction as a negative coping strategy for managing the reduced income.

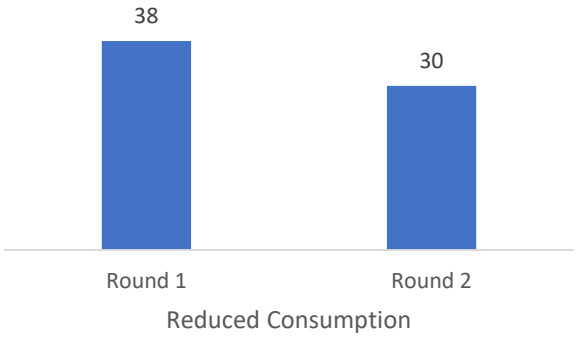


Figure 13: Consumption reduction used as a negative coping strategy (% of the HHs)

6.2.3 Food expenditure

Data was also collected on reported food expenditure by HHs. This provides a third indicator of measuring food insecurity at the household level. Analyzing the data for the panel sample (Figure 14), we observe a 25% reduction in per capita daily food expenditure between February and June for the urban sample and a 29% reduction for the rural sample. A caveat on the finding for the rural sample is that the survey period of June coincided with the harvesting period during which rural HHs usually purchase less food. Looking at the other disaggregation as per poverty status, we note that all the groups experienced a reduction in food expenditure in the range of 26% to 29%.

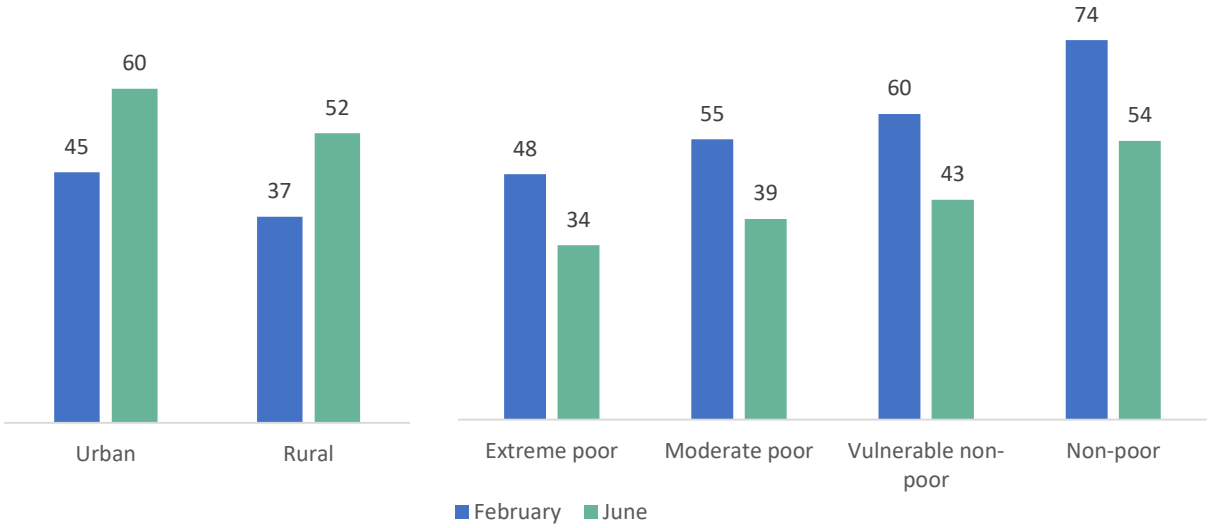


Figure 14: Per day per capita food expenditure in BDT (urban-rural and poverty categories)

6.2.4 State of nutritional security, June 2020

The income reduction because of the pandemic has also affected the nutritional security among the low-income HHs. To capture the nutritional security of the surveyed HHs, dietary diversity was selected as the proxy indicator and the findings have been presented in terms of urban-rural demographics, income groups and spatial variations (Figure 15).

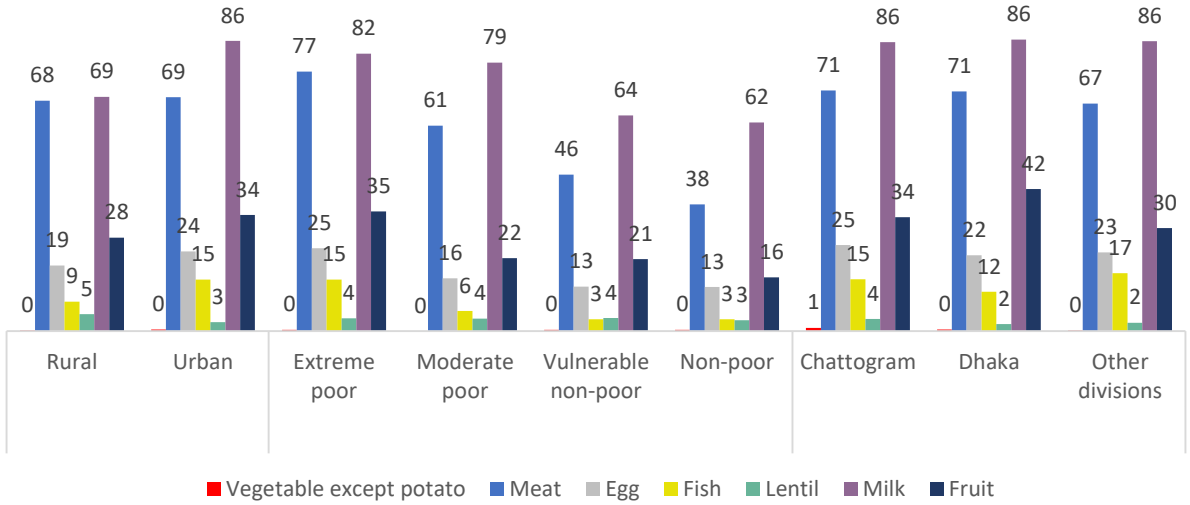


Figure 15: % of HHs that are not having vegetable (except potato), meat, egg, fish, lentil, milk or fruit in a week prior to their daily diets at **the** Phase II time of **survey**

The four items on which dietary shortfall was most evident in June were meat, milk, fruits, and eggs in that order. Reduction in dietary diversity appears to be a more pronounced first-order response to the crisis compared to the reduction in caloric consumption per se. Additionally, disruptions in supply chain and distribution, hike in food prices and changes in purchasing habits also may have contributed to the declining demand for highly perishable items like vegetables, fruits and animal-sourced foods, which are the main sources of protein and micronutrients in diets. Therefore, the poor have responded by purchasing cheap and durable food like rice and lentils.

As high as 86% to 69% of the urban slum HHs reported having never consumed milk and meat in the week prior to the Phase II survey. Conversely, in rural HHs, though the non-consumption of meat (68%) was similar to that in urban slum HHs, about 17% more rural HHs consumed milk.

Across income groups, poor diets were found to be more common in the extreme poor HHs with 77% and 82% of them reporting to have not consumed meat and milk respectively the week prior to the survey. It was noted that HHs across all income groups relied significantly on lentils and fish followed by eggs. Most surveyed respondents across all income groups reported having consumed locally produced seasonal fruits during the month of April-July that somewhat contributed to maintaining their dietary diversity. Absence of milk and meat in the daily diets of HHs and reliance on lentils and fish followed a similar consumption pattern across Dhaka, Chattogram Hill Tracts and in other divisions.

7 Coping realities

The HHs that became economically vulnerable because of the pandemic resorted to multiple personal, social, and institutional support mechanisms to cope with the multifaceted crisis. The second round of the survey explored how the poor and vulnerable HHs were coping with their food and non-food expenditure requirements. The answers were provided in multiple responses, meaning percentages, when added, exceed 100 per cent.

HHs rely on multiple strategies to cope and Figure 16 below illustrates the coping realities on food expenditure needs for the HHs in terms of personal, social, and institutional support mechanisms and captures the spatial variation in doing so.

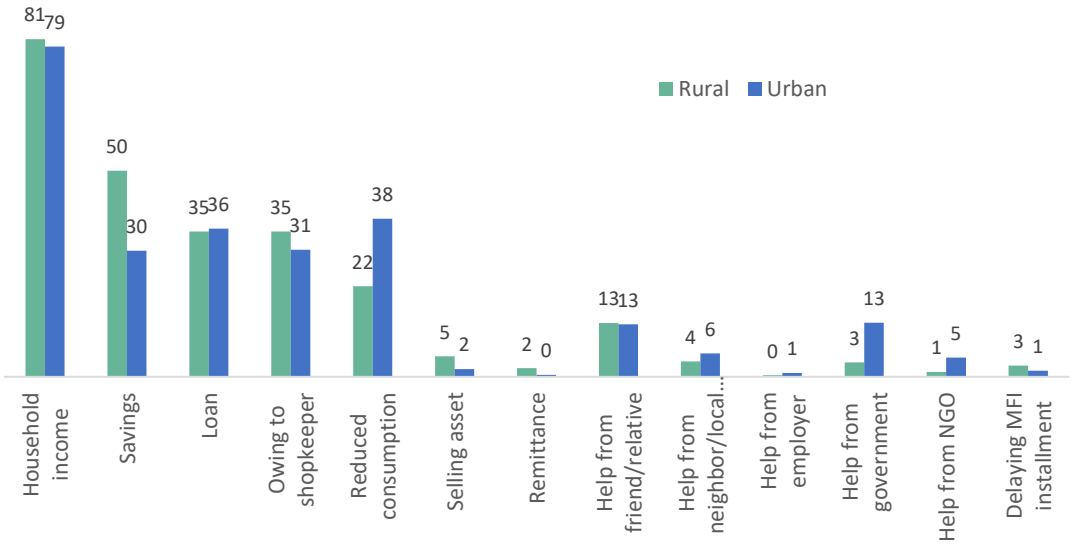


Figure 16: Coping mechanisms food expenditure burden (% of HHs)

7.1 Personal coping

Personal coping strategies include relying on household income, savings, loans, shop credit, consumption reduction, asset sale and remittance. In June, most HHs were using their income to buy food as most had some income by then though the rate is somewhat lower in urban slums. However, there was a striking difference between rural and urban HHs on the reliance on savings—50% vs 30%. The lower incidence in the case of the urban sample was likely to be explained by the exhaustion of savings through the first three months of the crisis. Incurring debt was also a prominent coping strategy, slightly higher for the urban sample at 36%. Shop credit had also emerged as an important coping strategy with around a third of the respondents in both urban and rural samples reporting this coping strategy.

The largest difference between rural and urban coping mechanisms in the reduction in food consumption: 21% vs 38%. The two other negative personal coping strategies—asset sale and reliance on remittance—were not used by many HHs, which is a good sign.

7.2 Social and institutional support

Similar to the findings in Phase I of the study, some degree of reliance on social and institutional support for meeting food security needs was found in Phase II as well. Social support included support from friends/relatives, neighbours, and the local community as well as support from employers. Institutional support included support from government relief and help from NGOs.

Social and institutional support to cope with food security was much less significant than support from personal sources. Within social support, the most important source was the support from friends and relatives (12% for urban and rural samples). Community/neighbour support slightly more prominent for the urban sample (6%) compared to rural sample (4%).

Within institutional support, the noteworthy finding is that 13% of the urban sample cited support from the government, indicating a degree of government attention to the needs of the urban poor. NGO support was cited by much fewer respondents in general, though it was cited by more urban respondents.

A new type of institutional support was the option given for deferring of instalment payment on microfinance loans. This, of course, applied only to those respondents who were microfinance clients. Overall, this was cited by a small percentage—three per cent for the rural sample and 1.5% for the urban sample.

7.3 Changes in coping mechanisms, April-June 2020

Have there been any changes in the crisis coping strategies of HHs between the early phase of the crisis (April) and post-opening period (June)? Figure 17 compares the coping strategies on food security between the first and second round surveys. Four features stand out.

First, with an incremental resumption of economic activities, reliance on income to meet food expenditure needs has become more prominent. Second, the reliance on savings has gone down. This is unlikely only to be a consequence of greater reliance on income. For urban HHs in particular, a possible reason is the depletion of savings. Third, social support shows diverging trend—slightly less significant in urban HHs compared to the April round but slightly more significant for rural HHs. Fourth, overall personal coping

continues to be much more significant than either social or institutional support even in round 2.

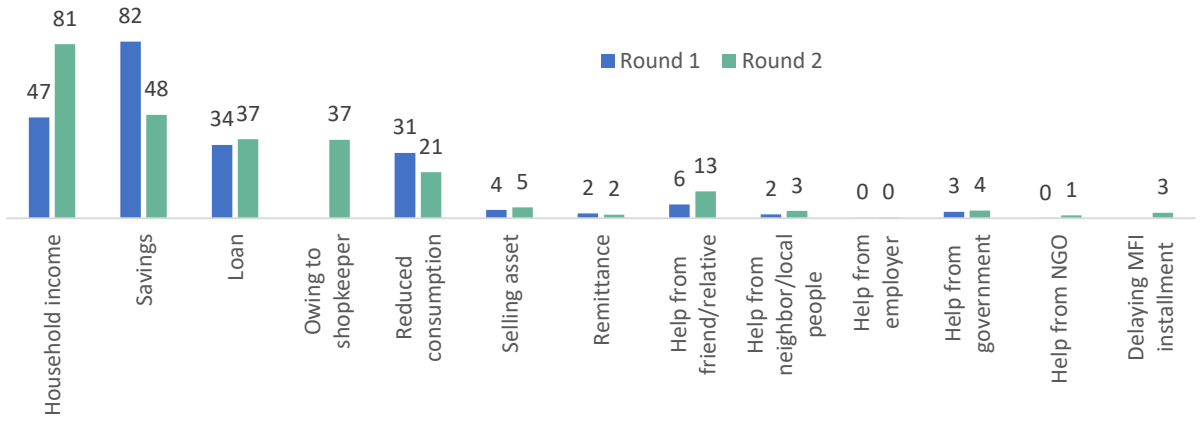


Figure 17: Comparison of coping strategies between 1st and 2nd round surveys (% of rural HHs in the panel sample)

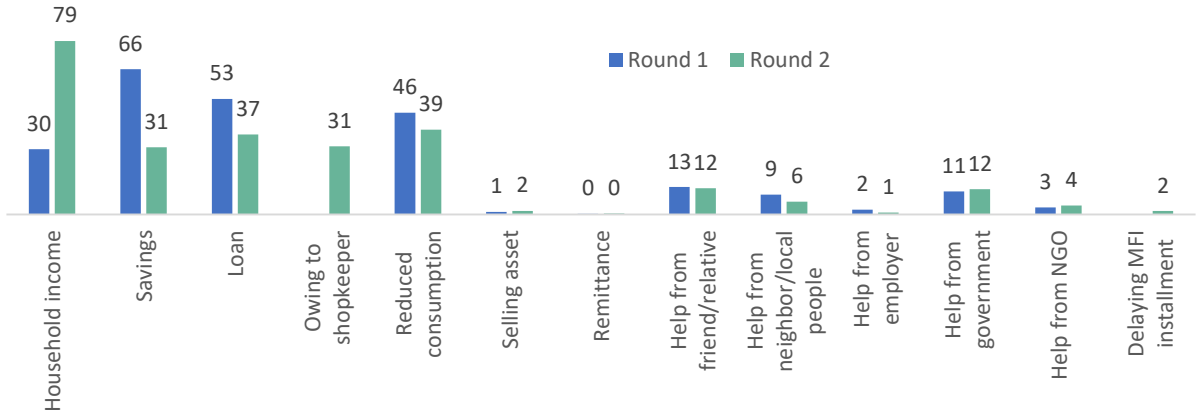


Figure 18: Comparison of coping strategies between 1st and 2nd round surveys (% of urban HHs in the panel sample)

7.4 Digital inclusion: Coping through leveraging technology

Has the COVID-19 crisis acted as a trigger to accelerating digital inclusion out of necessity? The pandemic has indeed underscored how essential digital finance has become for poor and vulnerable HHs which have been disproportionately affected by the crisis. Sending and receiving remittances and cash assistance within the formal/informal support network, vital lifelines for vulnerable people during the crisis, can be done quickly in compliance with safe physical distance using digital finance.

Information collected in the June survey provides a reality check on digital inclusion—how far digital services, i.e. mobile money, had reached the poor and vulnerable population.

Figure 18 describes the spatial distribution of respondents who reported having mobile financial accounts. The proportion is highest for the urban sample (76.26%), followed somewhat closely by rural (62.11%) and CHT HHs (58%). The incidences are broadly similar across all income groups in the respective urban and rural samples.

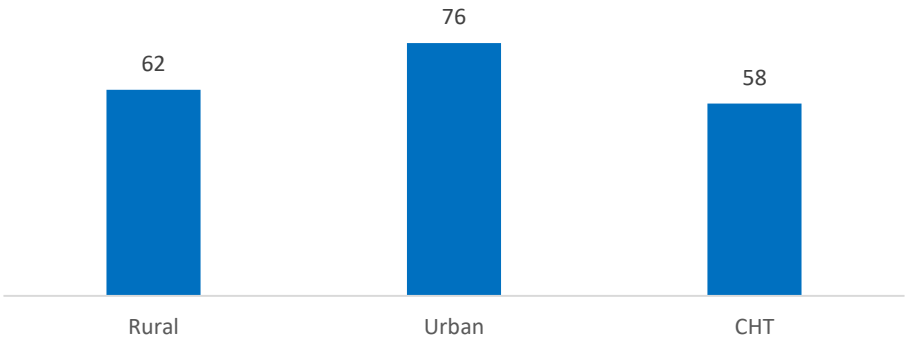


Figure 19: Have a mobile financial account (% of HHs)

The study attempted to explore if there had been any surge in the usage of mobile financial services among the low-income HHs during the pandemic. The respondents who reported to have mobile financial accounts were asked to mention the time when they had opened their accounts. A quarter of the urban slum respondents and 24% of the CHT respondents who reported having a mobile financial account opened it after 26 March 2020, shortly after the nationwide lockdown was announced; the percentage was slightly smaller for the rural poor HHs (18%). Such a quick increase in the last few months indicates that the pandemic had an impact on motivating HHs to take up mobile banking.

The study also looked at how the respondents were using mobile money. Majority of the accountholders (75%) used it for multiple purposes. About a third (34%) of urban respondents used MFS accounts for receiving relief/cash assistance. The corresponding rate for rural respondents was 21%.

7.5 Non-food expenditure burdens

A more holistic picture of the economic recovery emerges if we look at our last index—non-food expenditure burdens. In Phase II, we captured the HHs spending on non-food items in June 2020. The findings show that the main categories of non-food spending were house rent, utilities, healthcare, and transportation. The inelastic non-food expenditure burdens have serious implications for the economic recovery of the poor after re-opening.

The biggest share of the non-food expenditure burden was house rent (Figure 19). The urban HHs spent BDT 887 on average on rent alone in June. It should be noted that rent is not a major expenditure burden in the villages as the majority of the rural population own their house (96% rural HHs live in their own house). The second biggest category was medical costs (doctor and medicine); on average, urban HHs paid a higher amount (BDT 688) compared to what rural HHs paid (BDT 551). Average utility costs (electricity, water, gas, etc.) was also quite high—BDT 394 in urban slums and BDT 345 in rural areas. Urban slum dwellers spent more on almost all the non-food items than the rural respondents.

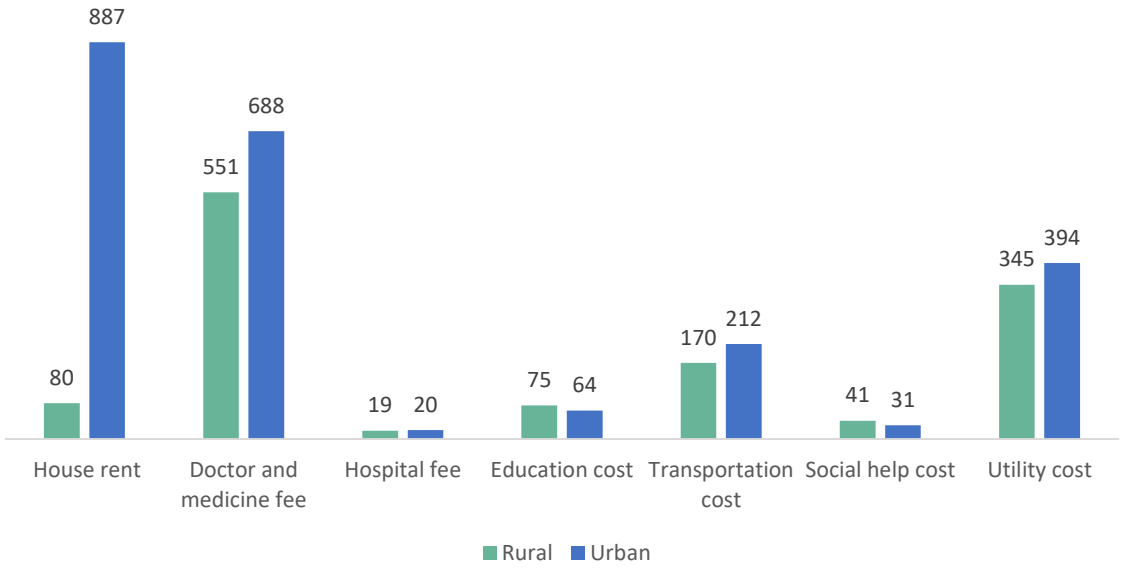


Figure 20: Non-food expenditure burdens, June 2020 (average BDT per HH)

If we look at non-food expenditures across the income categories, we see that the extreme poor and vulnerable non-poor paid relatively smaller amounts in rent than the moderate poor and non-poor who paid BDT 831 and BDT 918 on average respectively (Figure 20). The extreme poor and vulnerable non-poor spent more on doctor and medicine (BDT 594 and BDT 653 respectively) than rent. The HHs across the four income groups spent more or less similar amounts on the other non-food items. Overall, the non-food expenditure of the non-poor is higher than the other three income groups.

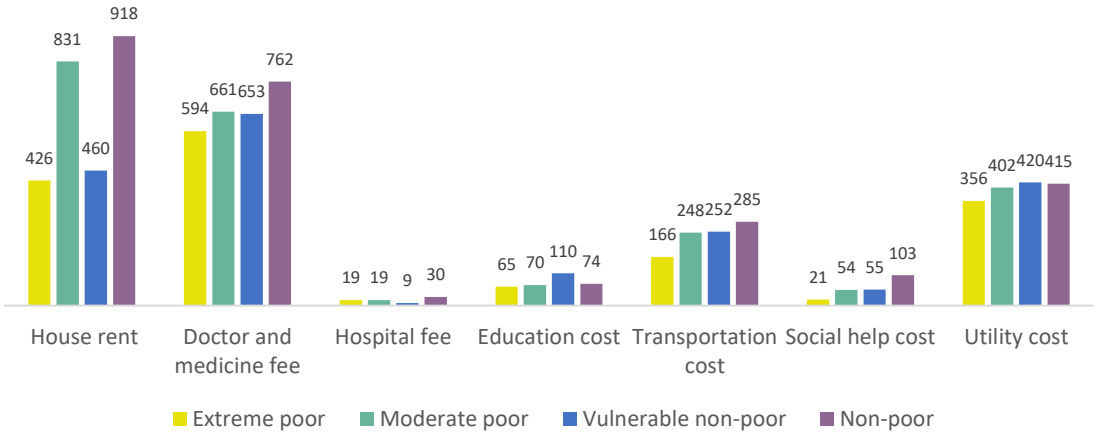


Figure 21: Non-food expenditure for June 2020 across income categories (% of HHs)

House rent burden: Urban phenomenon

Economic activity and income decreased abruptly for many urban slum dwellers as the pandemic hit but it was not possible for most urban HHs to avoid paying rent. In general, rent in urban slums was not reduced by the house owners and neither did the tenants receive any financial assistance to pay rent. As seen in Figure 21, majority of the respondents who live in rented houses (65% HHs) informed in June that they paid rent as before; there was no change in their rental arrangements after the pandemic hit. Overall, 26% HHs did not have to pay rent but informed that they would have to pay later. The house-owners waived the rent of only one per cent of the HHs and a meagre 3% HHs paid less than before. Another five per cent HHs chose themselves to not pay rent, come what may.

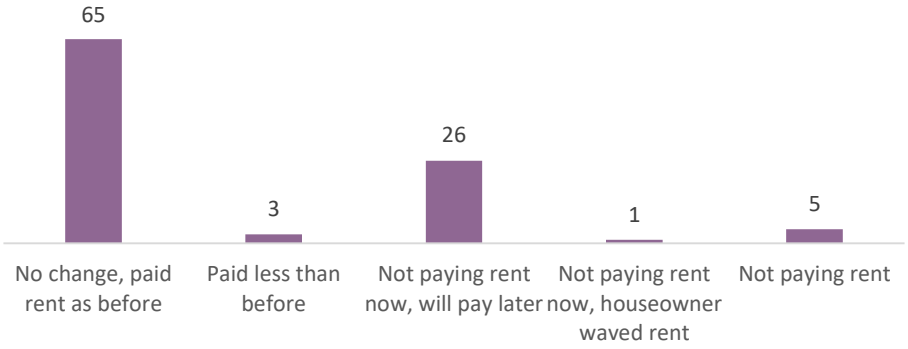


Figure 22: Unpacking the rent burden during pandemic (% of HHs who live on rental property)

We find that half of the HHs who had no income post-lockdown live in a rented house. We also find that 54% of the HHs living on rental houses who had no income post-lockdown had to pay rent and 35% did not pay rent but would have to pay later. Around eight per cent HHs with no income in June decided themselves to not pay rent.

The situation is similar across the post-lockdown income groups (Figure 22). More than three-quarters of the HHs above the lower poverty line according to June's income i.e. moderate poor, vulnerable non-poor and non-poor, living in rental house stated in June that they paid rent same as before. Among the extreme poor HHs, the rate is 58%. On the other hand, 33% extreme poor HHs living in rental house did not have to pay rent temporarily but would have to pay the due rent later. Much fewer HHs above the lower poverty line had this facility.

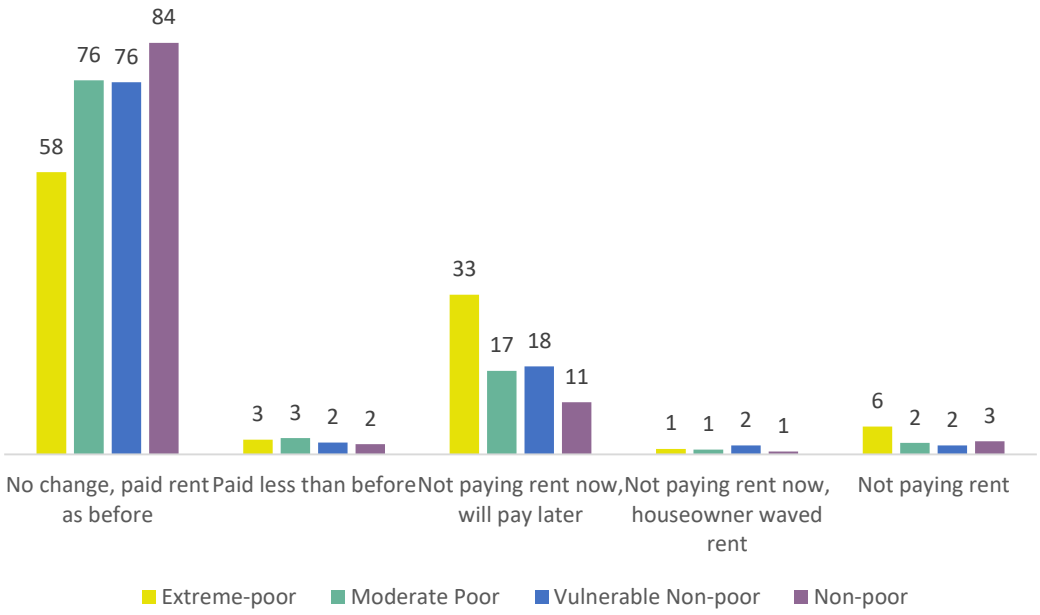


Figure 23: Rent payment status across income groups (% of HHs living in rental house)

8 Social protection realities

8.1 Social perceptions of support

Figure 24 below shows whether respondents observed any type of relief activities in their community. With relief activities being carried out with any set protocol and disorganized programmes, the figure below captures the ground reality from the respondents' perspective. There is little spatial difference in observed relief activity; however, this does not translate to actual received relief.

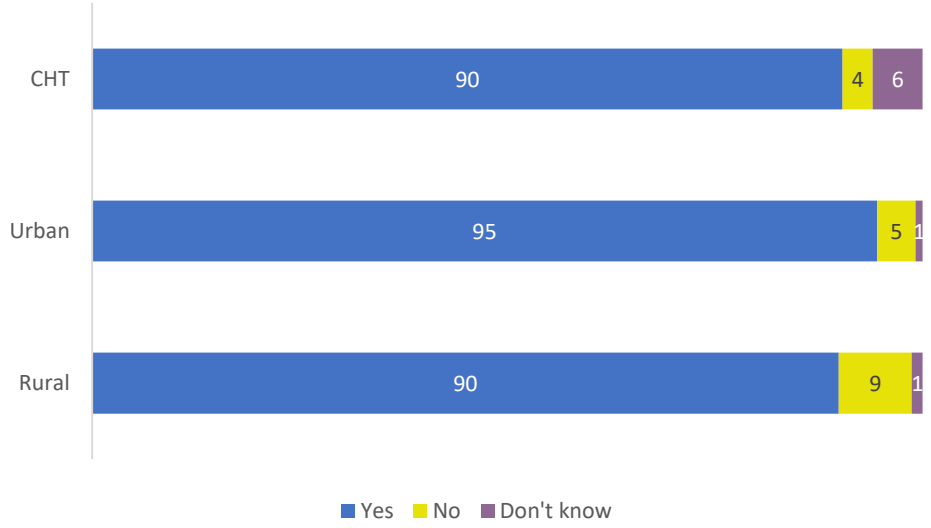


Figure 24: Observed relief activity—spatial disaggregation (% of respondents)

8.2 Listing realities

The figures below sheds light on the process realities of relief programmes. With many different types of government and NGO-led relief programmes, it was important to capture gaps in targeting in the process of preparing the list of beneficiaries. We see that urban slums had a much higher coverage compared to rural areas; 62% of respondents in urban slums vs 35% in rural areas mentioned that their names were taken for listing. Figure 25 shows data on targeting beneficiaries across poverty categories according to June's income. To understand targeting, it is more relevant to consider post-lockdown poverty group because poor groups according to post-lockdown income are more vulnerable.

We can see poverty targeting was also quite ineffective. The post-lockdown two poorer categories had only about ten percentage point higher coverage compared to the richer two. Even among those who were non-poor in June had 42% who were listed for relief.

These figures only represent the fact that the names were taken, not whether their names were actually included in the list, neither that they received any assistance. Many of the respondents who said their names were taken did not know about their status in the beneficiary list.

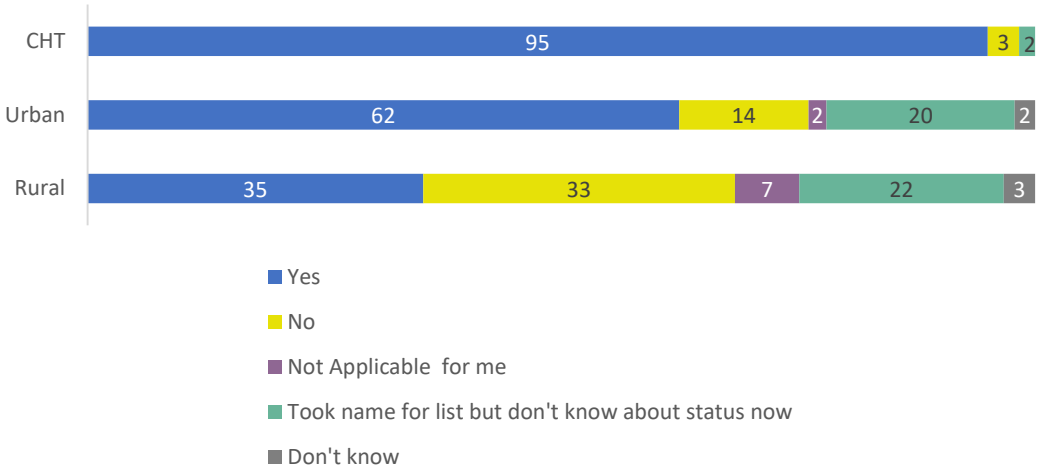


Figure 25: Beneficiary listing—spatial targeting (% of HHs)

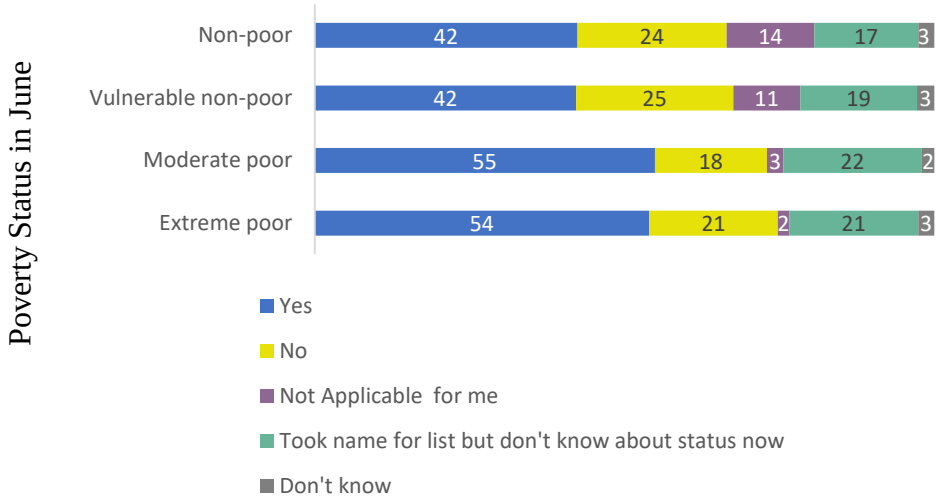


Figure 26: Beneficiary listing—targeting across post-lockdown income categories (% of HHs)

Further disaggregation of HH targeting shows that mistargeting was prominent in urban slums. In rural areas, overall coverage was quite low; only 38% of the extreme poor HHs were listed in rural areas. But the targeting was much better as much lower non-poor HHs (14%) were listed compared to the moderate and extreme poor HHs. In comparison, 55% of non-poor HHs from urban areas were listed for relief programmes. It is important to note that only urban slums were included in this study which might be a factor contributing to this stark difference in targeting.

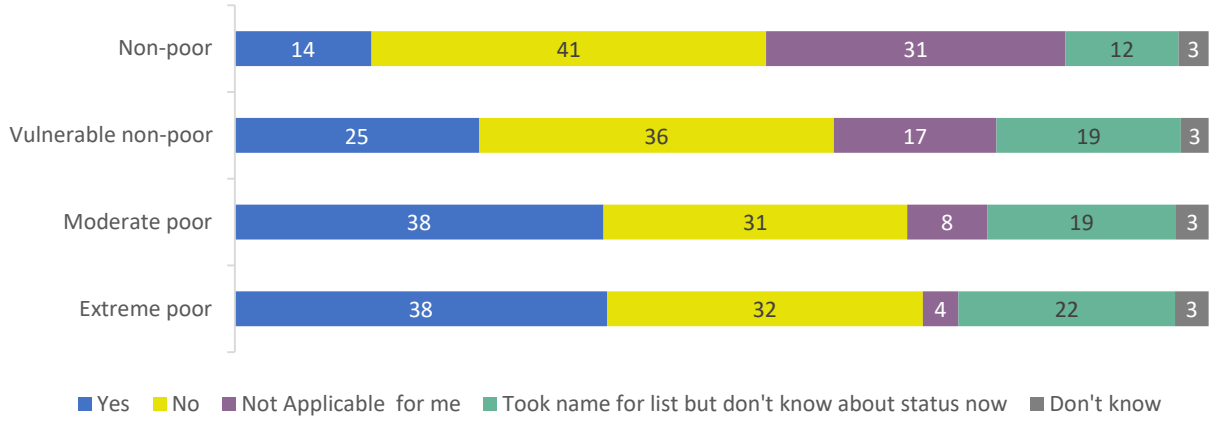


Figure 27: Beneficiary targeting in rural area across income categories (% of HHs)

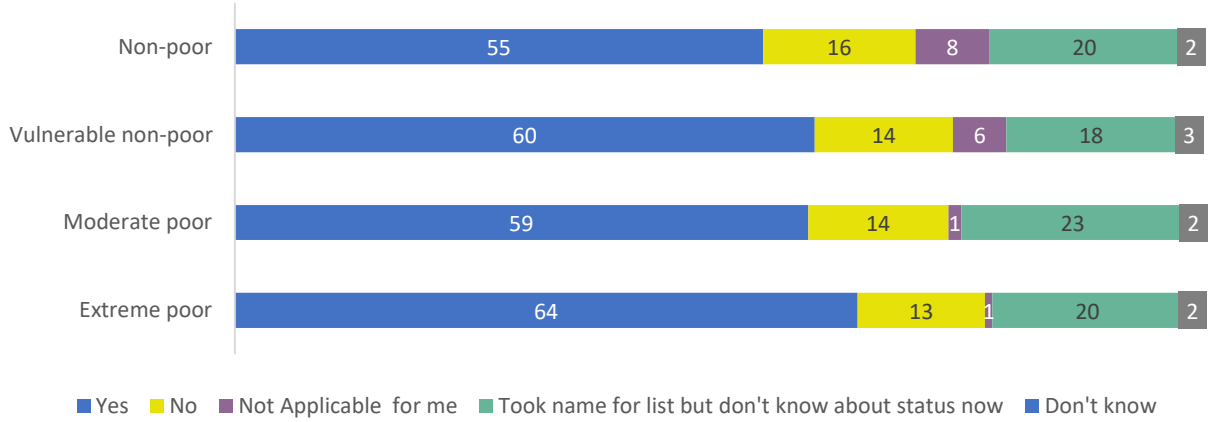


Figure 28: Beneficiary targeting in urban slums across income categories (% of HHs)

8.3 Outcome realities

As noticed previously, government relief and help from NGOs were cited as the dominant institutional support for poor and vulnerable HHs in rural, urban and CHT areas to meet the non-food expenditure burdens. To substantiate the findings, the respondents of the second-round survey were questioned if they had received any support during the period of nationwide lockdown and till the time of the survey. Figure 29 shows the portion of respondents across study

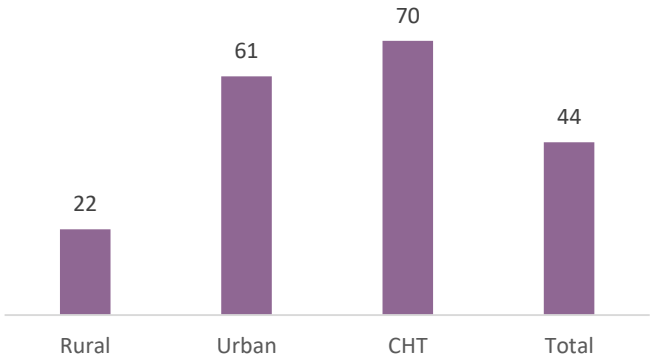


Figure 29: % of HHs receiving support—spatial distribution

locations who had received some type of relief. We can see that relief support was mostly concentrated in urban areas with more than half the respondents saying they received some form of support. In rural areas, only 22% received support less than half of the whole sample reported to have received any sort of relief from the government and/or NGOs.

These figures indicate the priority placed on the urban slum by the government and NGOs. This finding also explains the significantly lesser reliance of rural HHs on relief assistance from institution sources as compared to the CHT and urban HHs.

Disaggregation by poverty status shows similar patterns to the data on the listing process. There was some mistargeting in actual relief provided with overall 32% of non-poor HHs in June receiving some type of relief. Across all poverty categories, coverage was much higher in urban areas compared to rural areas.

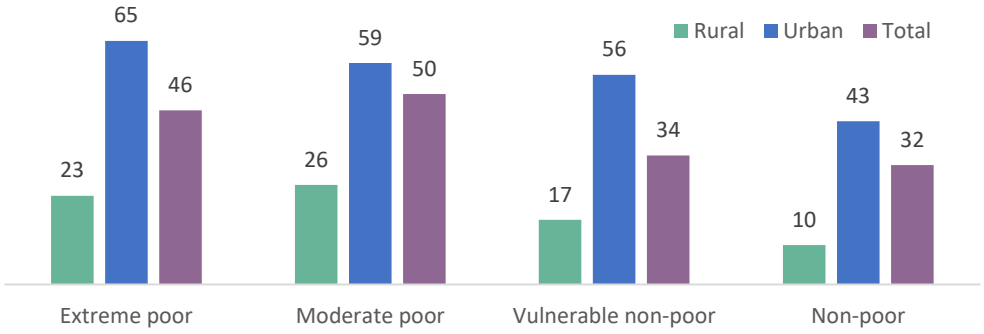


Figure 30: Received Any Support—disaggregated by post-lockdown income categories (% of HHs)

We also find (Figure 31) that most of the support was in terms of food-rice, multiple food packages, subsidy received through the open market sale (OMS). Very few received direct monitory or cash support.

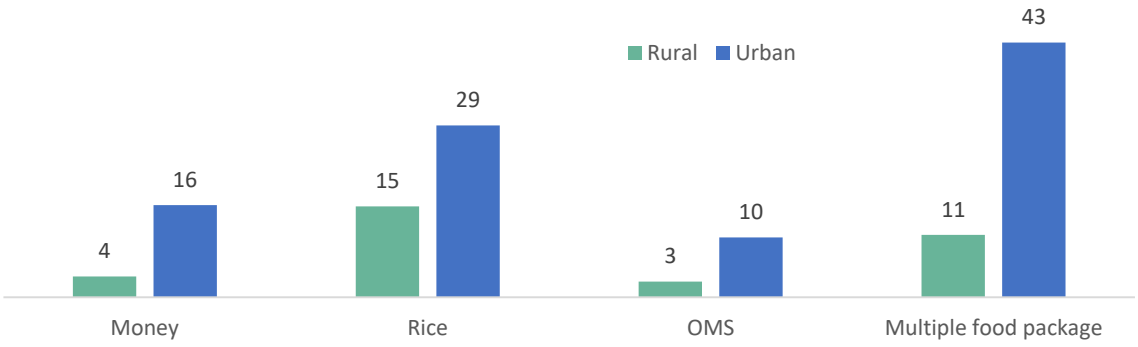


Figure 31:Types of Support–Spatial Disaggregation (% of HHs)

The following figure shows the monetary value of the support received among those who received any support. We see that cash support was the much higher in monetary value, but we also need to remember that only a small fraction of the HHs received any cash support.

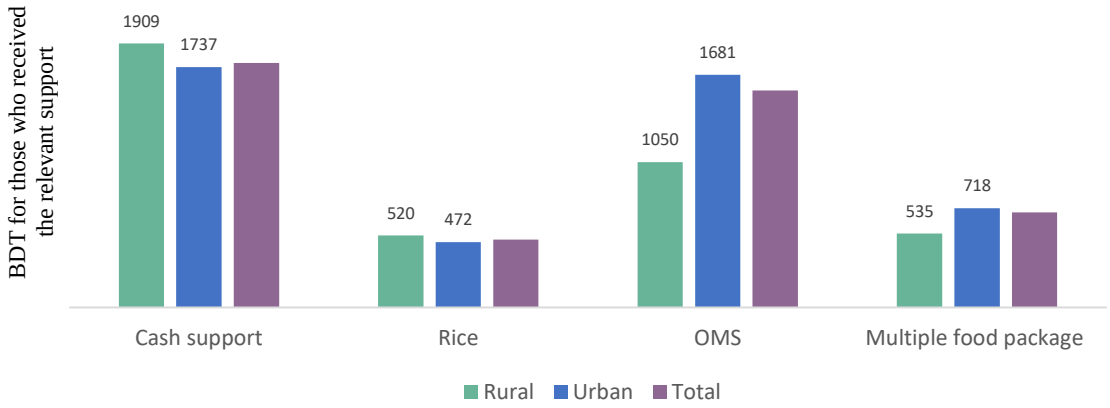
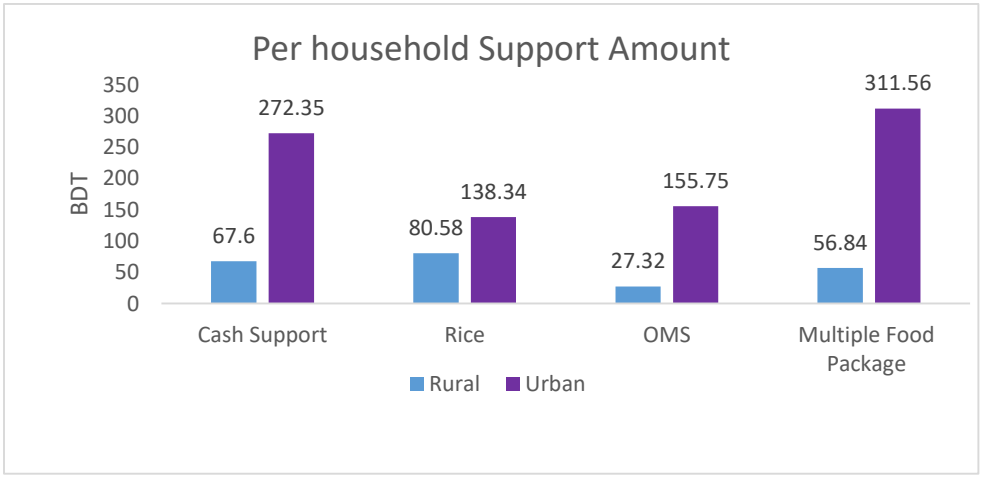


Figure 32: Average value of the support received so far (% of HHs that received any support)

Even when the average value of the total amount of support—total monetary value of cash, rice OMS, and multiple food packages—is calculated for those who received support, it covers only a small portion of the lost income due to COVID-19.



9 Unpacking recovery April-June 2020

The countrywide 'general holiday' or lockdown to contain the spread of COVID-19 in Bangladesh was started in late March and lifted in May 2020, after which many people gradually began to resume economic activities. However, their income remained lower than pre-COVID yet their living costs remained high. The data on their livelihood and expenditures gathered in Phase I (April) and Phase II (June) are compared to unpack the economic recovery reality after the lockdown with the support of five indices:

Index 1: Activity Recovery	Percentage of respondents rejoining economic activity post-opening
Index 2: Income Recovery	Extent to which HH income has recovered to pre-COVID level
Index 3: Food Expenditure Recovery	Extent to which HH food expenditure has recovered to pre-COVID level
Index 4: Food Intake Recovery	Extent to which '3 Meals a Day' norm has recovered to pre-COVID
Index 5: Non-food Expenditure Burdens	House rent, doctor and medicine fee, utility costs, etc. that burden the poor from recovering to pre-COVID level

9.1 Activity recovery

The first index to unpack recovery is economic activity. The drastic drop in economic activity in April, especially in urban areas, considerably improved in June though did not fully reach pre-COVID level of activity. Figure 33 shows that only 32% of the urban HHs were involved in economic activities in April, which increased to 84% in June and in the case of rural areas, economic activity improved from 50% in April to 83% in June.

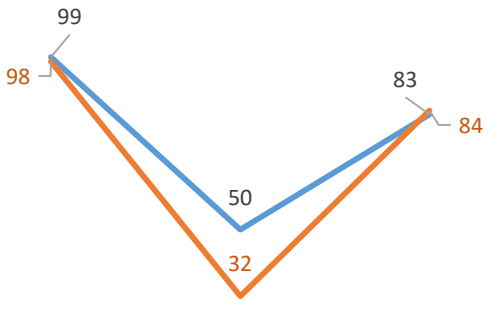


Figure 33: Economic acitivity recovery (% of respondents)

However, the increase in economic activity did not prompt income or food expenditure recovery to the same extent, as we will see later.

9.2 Income recovery

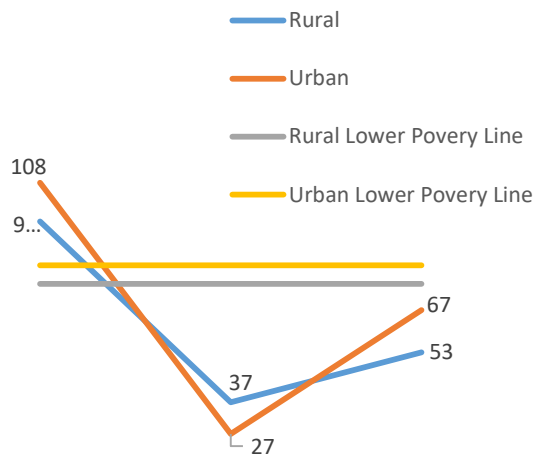


Figure 34: Income recovery (average BDT per day per capita)

The second index, income recovery, demonstrates the slow pace of economic recovery after re-opening. Figure 34 describes the changes in reported per capita income from Phase I and Phase II of the study in comparison to the upper and lower poverty lines for both rural and urban areas The findings show a dramatic decline in per capita daily income in April 2020, which moderately improved in June. Reported daily per capita incomes in June—BDT 67 (urban) and BDT 53 (rural), on average—are considerably lower than the pre-COVID income at BDT 108 and BDT 96 for urban and rural areas respectively. Average June incomes also remained below the lower poverty lines in both rural areas and urban slums (index 2).

The following figure shows the extent of income recovery by occupation. In general, there is a significant difference between the earning recovery of those in formal occupations, i.e. salaried jobs, and factory work, and those in other occupations, mostly the informal sector. Among those who were involved in the same occupation, income recovery in June, with respect to February income, was much smaller for those in informal occupations. For instance, the income of factory workers and salaried jobholders recovered to 84% and 82% respectively in June whereas the income of transport workers and unskilled labours recovered to around 52%. Income recovery for agricultural labourers was also considerably smaller than those working in the formal sector.

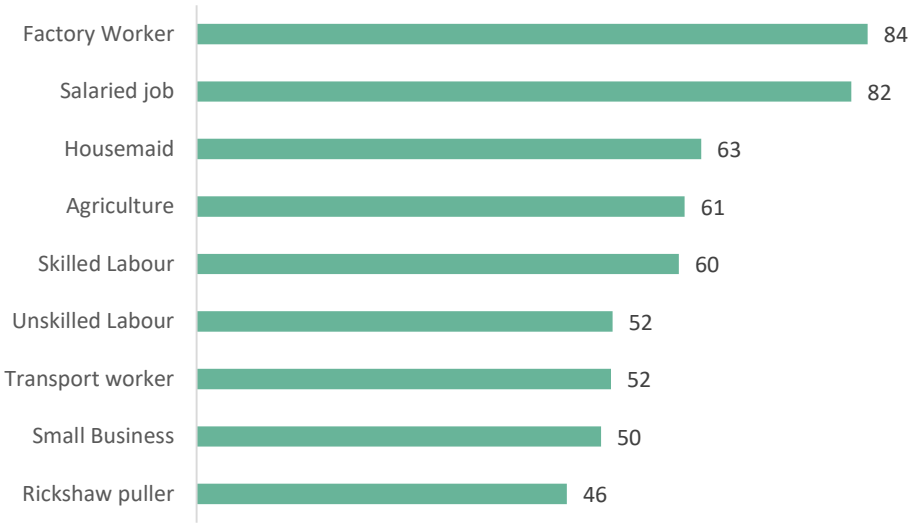


Figure 35: Income recovery of persons continuing in the same occupation from February to June 2020

9.3 Food expenditure recovery

The first phase of this study conducted at the beginning of the pandemic (April) found that cutting back on food expenditure was a prevalent coping mechanism among low income HHs in both rural and urban slum areas. In Phase II, information was collected to sense if there was any recovery in the per capita food expenditure in the panel respondent HHs as compared to April, after the lockdown was lifted and the economic activities resumed, albeit in a much smaller scale.

As illustrated below, food expenditure in June did not recover up to the prior level in February 2020 (Index 3). Daily expenditure on food in urban slum HHs barely improved from BDT 44 per capita in April to BDT 45 in June whereas it was BDT 60 daily before the pandemic. In the case of rural HHs, per capita daily food expenditure deceased from BDT 41 in April to BDT 37 in June, which can be attributed to the harvesting season around that time in rural areas that dampened the demand for food from the market (Figure 36 i). Moreover, daily food expenditure of all the four pre-COVID income groups—extreme poor, moderate poor, vulnerable non-poor and non-poor—in fact decreased in June compared to their food expenditure in April and remained considerably lower than pre-pandemic level (Figure 36 ii).

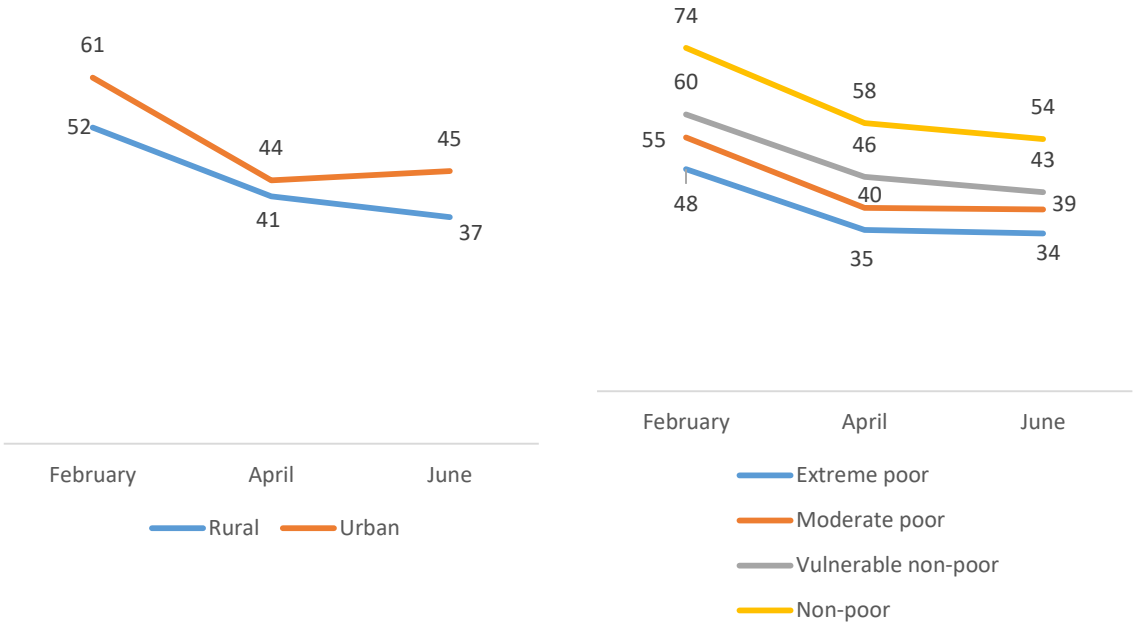


Figure 36: Food expenditure (in per capita BDT) trend across (i) rural-urban (ii) poverty groups (panel sample)

9.4 Food intake recovery

The fourth index describes the trend in food intake of the panel HHs by the number of meals taken the day before the survey. Food intake (three meals a day) of rural HHs in June nearly recovered to their February intake level; however, food intake of urban HHs in June remained much below the pre-COVID consumption level. Overall, 88% of the urban HHs had 3 meals the previous day in June; the pre-pandemic rate was 97%. The urban HHs had the lowest percentage of food intake in April too.

A similar difference is noted for the extreme poor who could not get back to pre-COVID level consumption—73% extreme poor HHs had three daily meals in April, which increased to 88% in June while the rate was 98% before the pandemic. On the contrary, food intake of moderate poor, vulnerable non-poor and non-poor in June increased close to pre-COVID level. Though 78% of moderate poor HHs used to have three daily meals in April, it increased to 97% in June.

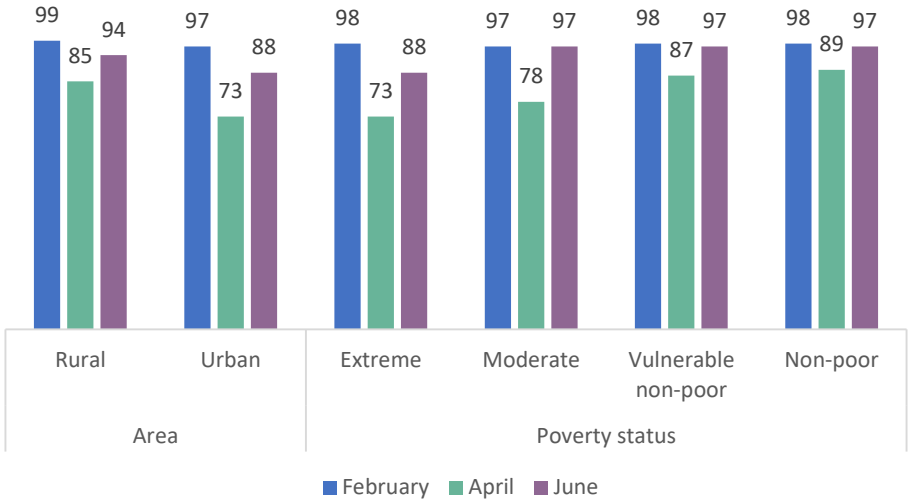


Figure 37: Feb-April-June trend picture–Percentage of panel HHs who had 3 meals the previous day across rural-urban and income groups

10 Mobility dynamics

10.1 Mobility trends

Mobility patterns changed drastically between Phase I, one month into the lockdown, and Phase II, shortly after the lockdown measures were lifted. In April, only six per cent of HHs moved from urban to rural areas; whereas in June, 13% of the panel sample of 4,424 HHs migrated. It is important to note that for Phase II data, we are considering any location change to be a proxy variable for urban-rural migration.

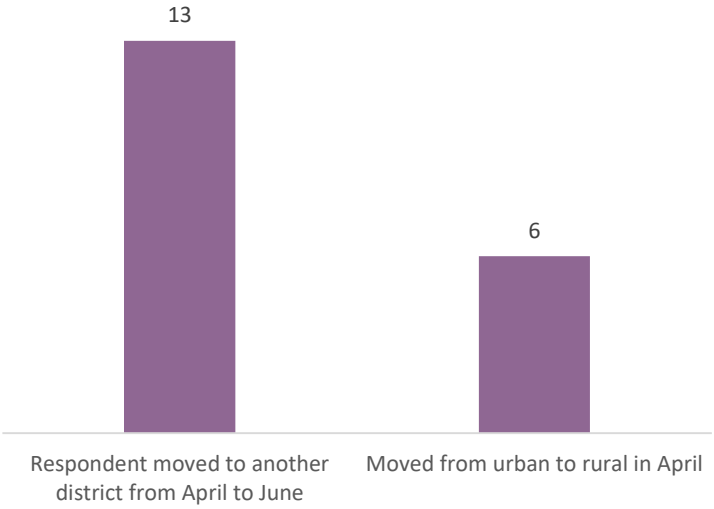


Figure 38: Migration Trend: April-June (% of respondents)

Spatial disaggregation of these 584 HHs who changed districts between April and June shows that mobility mainly takes the form of reverse migration as the majority of the migrants have moved from Dhaka and Chattogram, two largest cities in Bangladesh. About 16% of Dhaka residents migrated to other districts, followed by Chattogram respondents with 8% who moved to another district. This substantial increase in reverse migration can be attributed to depleting savings due to extended lockdown as well as rising expenditure in the cities, mainly rent and utilities.

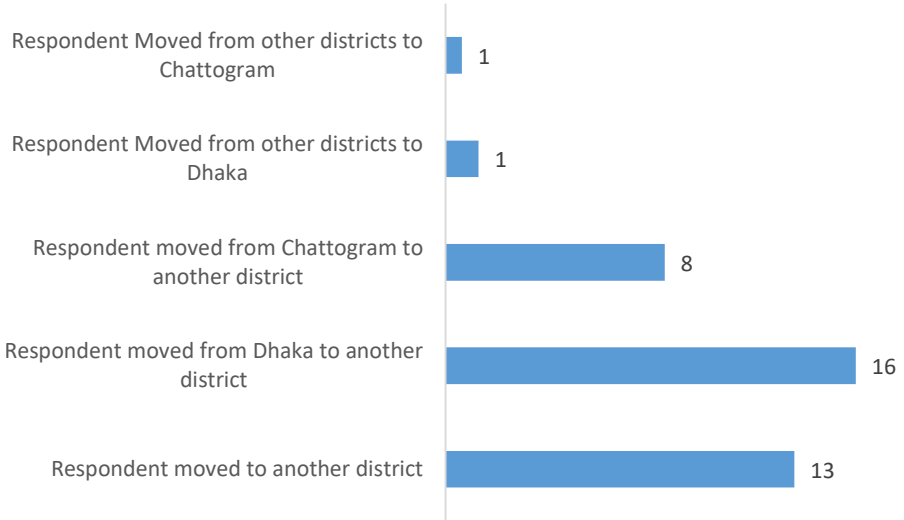


Figure 39: Direction of migration (% of original district residents)

Migration was the highest (17%) amongst the non-poor category in June followed by moderate poor (15%) and vulnerable non-poor (14%) HHs. HHs with slightly higher income typically have assets, including land, in both urban and rural areas. During a crisis, they are able to return to their homes from cities to avoid higher expenditures in cities. The extreme poor HHs had the lowest rate of migration (10%). Migration is expensive and even during the lockdown, cities have more opportunities for earning income which this category of people may have wanted to take advantage of. Besides, many extreme poor HHs lack any fallback option in villages.

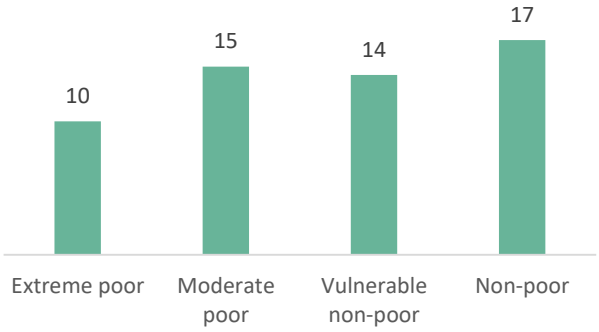


Figure 40: Migrating Households Disaggregated by Poverty Status (% of HHs)

10.2 Post-migration livelihoods adjustment

Only 36% of migrating HHs were employed in April which changed to 74% in June; this implies that migration is mainly driven by unemployment (i.e. lack of income) and that the migrants experienced significant employment recovery. Out of those who moved, eight per cent were unskilled labour, the rate increased to 21% in June. Similarly, the percentage of small or petty businesses among the migrants increased by threefold. These figures corroborate the fact that the reverse migration in the last few months is not driven by opportunities elsewhere but mainly by necessity (i.e. coping with income reduction).

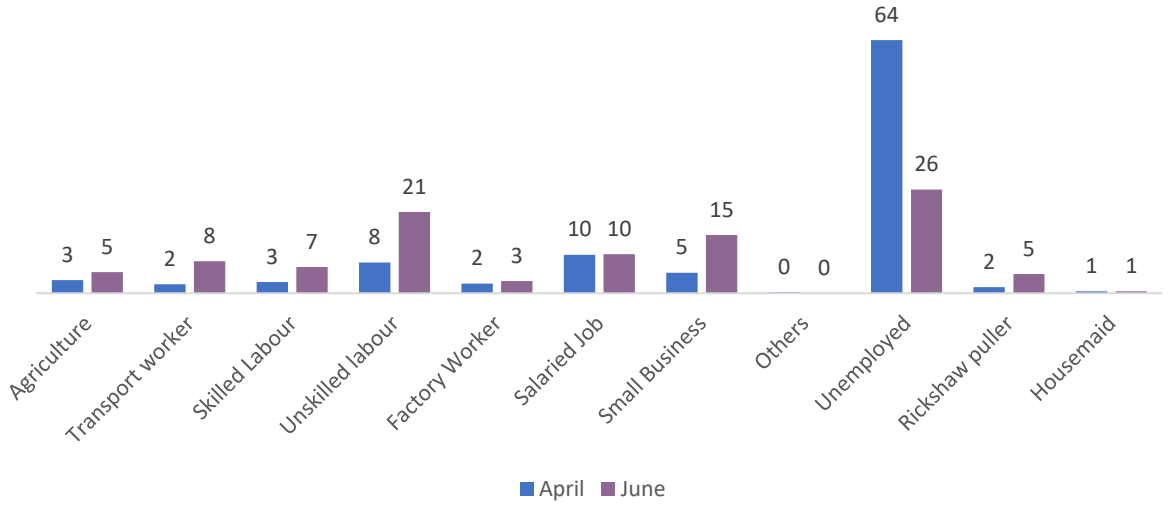
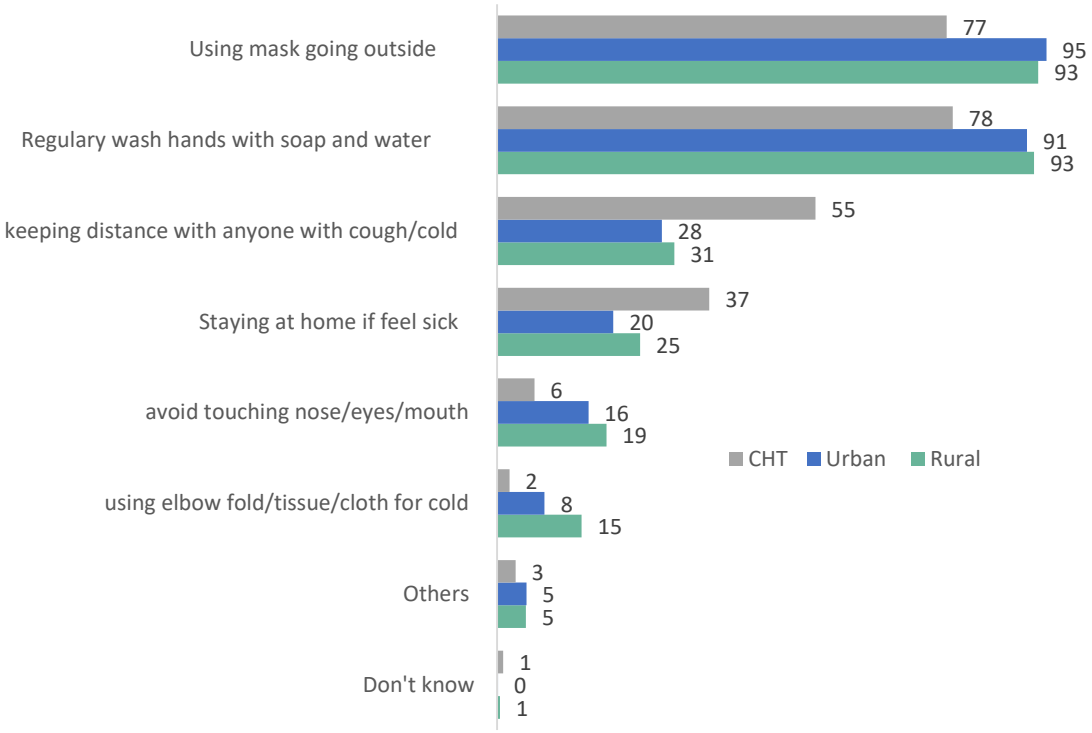


Figure 41:Migrating HHs Disaggregated by Occupation

11 Social perceptions of pandemic realities

11.1 Health awareness

Most of the respondents in mentioned using mask while going outside and regularly washing hands with soap and water—two vital protective measures against the pandemic in Bangladesh where social distancing is often not possible, especially in cities. In CHT, comparatively fewer respondents mentioned these two measures, but they mentioned keeping distance with anyone with cough/cold much more frequently than urban and rural respondents; this is reasonable as the houses in CHT are more dispersed. Very few mentioned other types of precautions such as avoid touching face and using elbow/tissue/cloth while sneezing/coughing. It should be noted that there can be discrepancies between reported practice and actual practice to prevent COVID-19 transmission.



A very similar pattern can be found across different income groups. Understandably, slightly more respondents in two non-poor groups mentioned the measures compared to the two poor groups.

11.2 Perception about lifting 'lockdown'/general holiday

The respondents were asked in June if it was a good decision to withdraw the 'lockdown' or general holiday at the end of May 2020. Analysis of the responses makes it clear that for the respondents as a whole, livelihood concerns strongly outweighed 'life' concerns 75% of urban respondents and 65% of rural respondents either saw the withdrawal as an unavoidable necessity or more positively as an opportunity to re-join economic activities. A minority—18% rural and 13% urban respondents—stated that it was not a good decision as it may increase COVID-19 transmission and another small percentage of respondents believed that the lockdown or general holiday to prevent the transmission of COVID-19 should have been withdrawn later than May. Responses were very similar when desegregated by income groups.

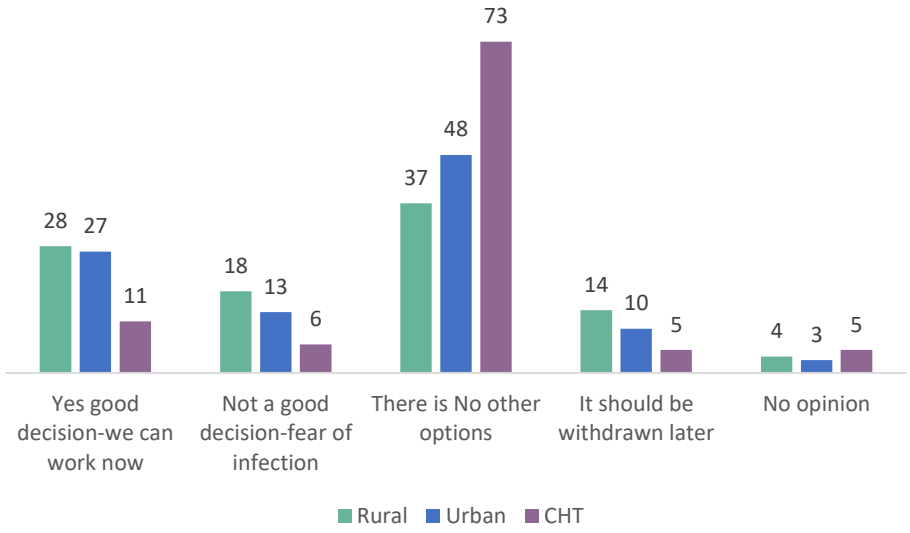


Figure 42: Perception about lifting lockdown (% of respondents)

Again, very similar responses can be observed, with very little variation across different income groups.

11.3 Optimism/pessimism on near-term prospects

The study found that there are broad-based pessimism and uncertainty about the immediate future. The respondents were particularly concerned about earnings recovery. About 86% of extreme poor in rural and 81% extreme poor in urban expressed pessimism about their near-term livelihood and earnings prospects. The degree of pessimism declines along the poverty scale but even among the non-poor, 64% believed that their income would contract or stop in next three months.

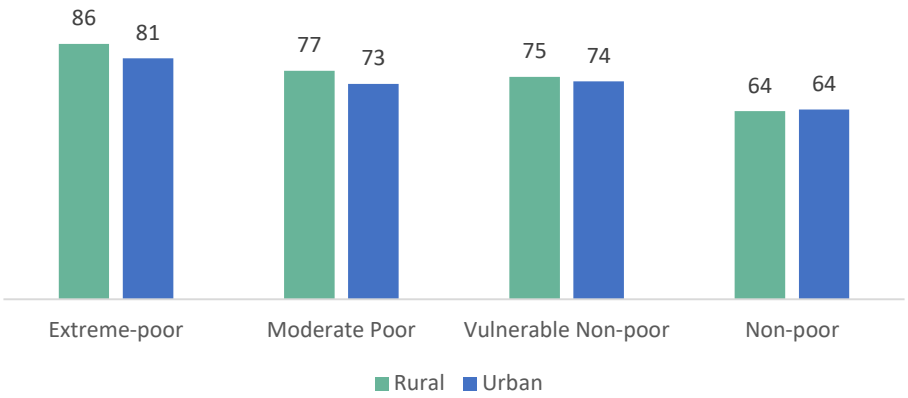


Figure 43: Belief that the HH income would contract or stop in next three months (% of HHs)

From the figure below, we can see that pessimism is high among the unemployed, for obvious reasons, and also among those involved in informal occupations like unskilled workers, rickshaw pullers and housemaids, who were affected most by the pandemic. Those in the formal sector such as factory work and salaried job are also pessimistic but to a lesser extent.

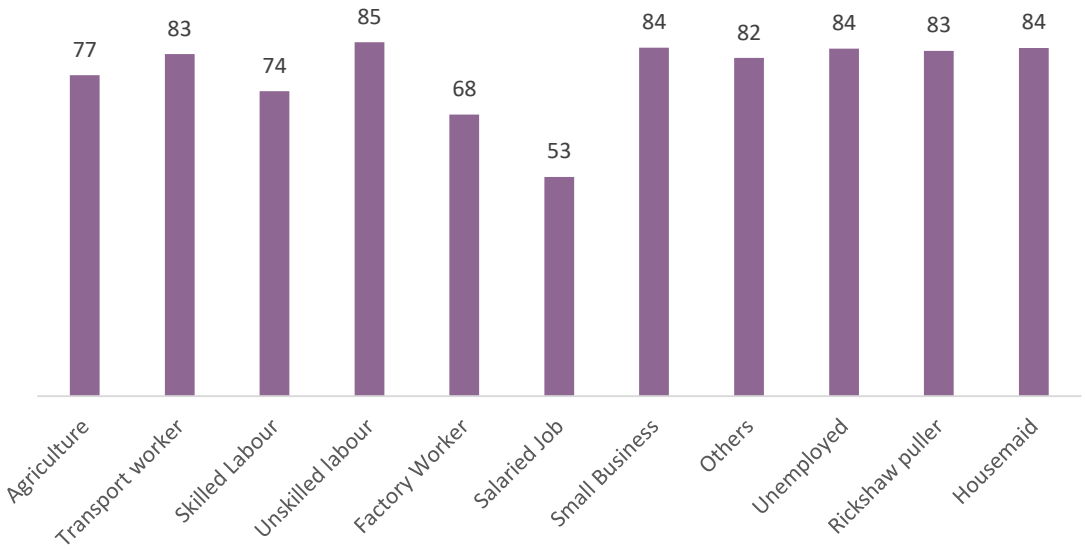


Figure 44: Pessimism across February occupations

12 Analytical takeaways and policy lessons

12.1 Resilience amidst governance and policy conundrum

A remarkable feature of Bangladesh response to COVID-19 has been the fragmented approach to pandemic containment and a very early resumption in 'fits and starts' of economic activities.

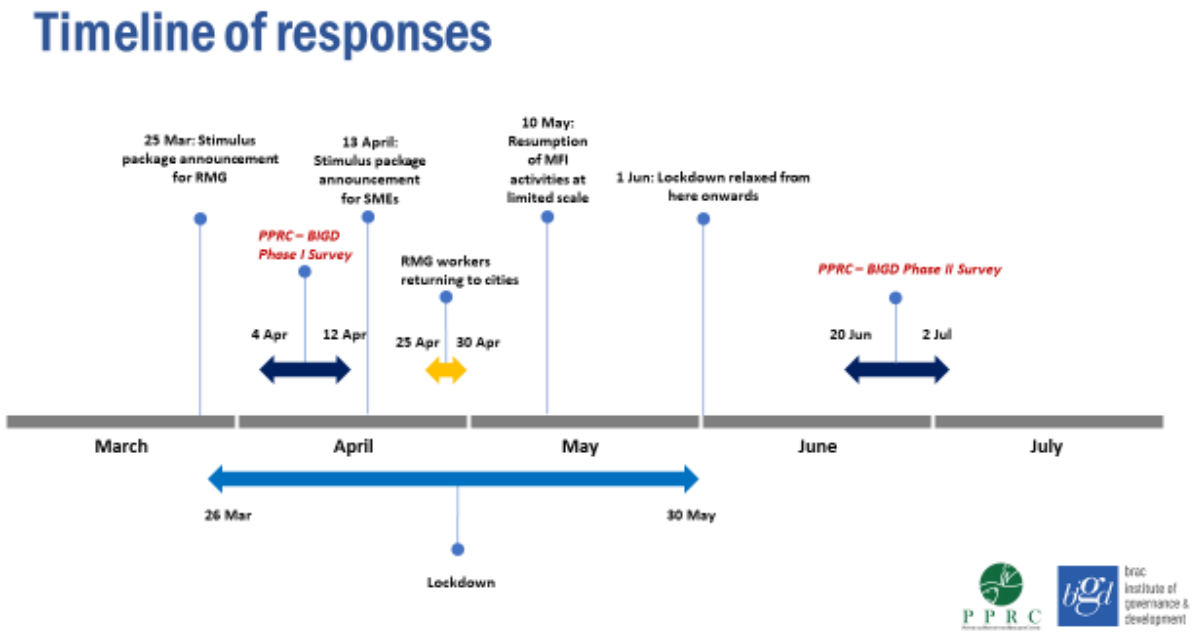


Figure 45: Timeline of responses

The official response was marked by four factors: firstly, a poorly enforced semi-lockdown of two months; secondly, strict enforcement of three critical mobility restrictions, namely inter-district public transportation, school closure and closure of places of worship, among which the second still continues six months since the outbreak; thirdly, a feeling of being overwhelmed by the health service needs necessitated by the pandemic and a corresponding inability to respond credibly to the service challenge; and finally, a pragmatic decision to strongly tilt towards the 'livelihood' part of the 'life versus livelihood' debate and leave the 'healthcare' part to largely sort itself out. The tilt towards livelihoods saw policy boosts in 'fits and starts ', first a stimulus package for the politically powerful and leading export sector, i.e. ready-made garments, then stimulus packages for some other formal sectors also having a political voice, then partial resumption of microfinance activities and finally, more as an afterthought as seen through comparatively much lower implementation rate, stimulus package for smaller market players.

For its part, society also had a nuanced response, one to a degree influenced by the nature of the official response. After a brief initial phase of widespread panic, the popular 'mood' coalesced around three positions. Firstly, there was a limited and quite uneven acceptance of two health protocols–masks and hand-washing, more so in urban centres than in the villages. Secondly, there was varied local-level enforcement of mobility restrictions depending on the pro-activeness of community leadership. Thirdly, after an initial rush for testing and hospital care, a popular psychology took hold that testing was not necessary given the widespread reports of false testing and neither was hospital care given the real-life experiences of poor service standards and exorbitant costs. Widespread sharing of get-well-at-home advice on social media further consolidated the popular psychology to ignore testing and hospitalization except in specific circumstances. All these played into a qualitative shift in popular psychology from a brief initial spell of panic of the unknown into dropping the fear and adopt a comparatively early decision to ignore the pandemic and resume economic activities wherever possible.

On hindsight, both the official and social response to the pandemic have at one end served to underscore resilience but the governance and policy conundrum has also exposed the system and the population to critical emerging vulnerabilities.

12.2 Fragile recovery and emerging vulnerabilities

After the stricter lockdown type measures had been withdrawn, it was natural to expect a recovery of economic activities. It was found that the livelihoods of the vulnerable urban and rural population had indeed recovered significantly in June, compared to April, but it was mainly in terms of finding work. Yet, a significant percentage have remained out of work and for those who managed to continue their occupation or find something new, income has remained much lower than the pre-COVID level. Nor did support play a major role. Despite the widespread income shock, only 39% received any support and for those who received support, the amount covered, on average, only a mere four per cent of their estimated income loss because of the pandemic.

Consequently, to cope with the months of low income, households have taken a variety of strategies some of which may have long-term poverty consequences. Majority of the surveyed households were using their savings to meet their food need from the beginning of the pandemic, and use of loan was also quite high, though much lower than the former. However, by June, the percentage of households using credit to meet food need increased significantly and the percentage using savings almost halved. This trend means savings depletion and indebtedness for many households.

The non-negotiable non-food expenditure has been are accumulating and creating additional pressure on the finances of the vulnerable people, particularly in the cities. As a result, we have also found increasing internal migration, more likely from more productive cities to the less productive rural areas.

All the above factors are increasing the financial vulnerabilities of many people, if not for most people, and creating a longer-term poverty trap. This process is illustrated in the following diagram.

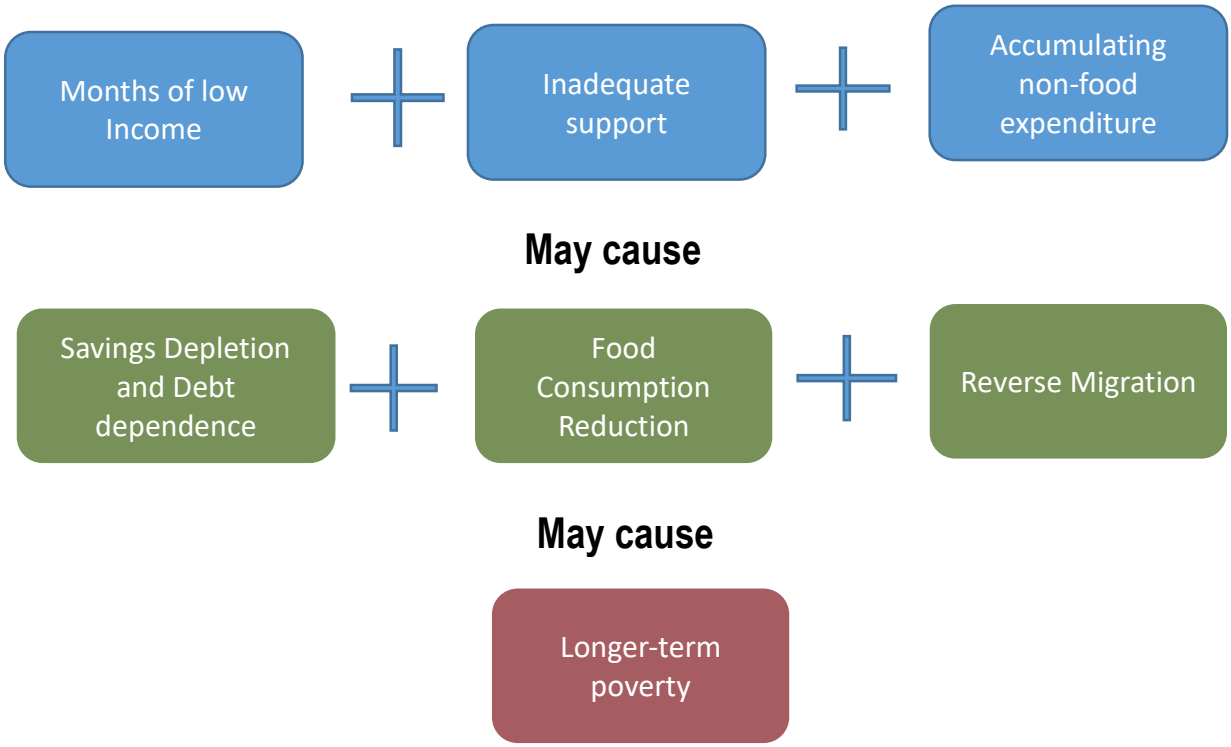


Figure 46: Causal pathway between fragile recovery and longer-term poverty

12.3 Addressing the 'New Poor'

In our Phase I April survey, we found that a large majority of the HHs in the vulnerable non-poor category in pre-COVID economy came down far below the poverty line, causing a surge in the 'new poor' population—people who were made poor by the pandemic. In Phase I June survey, we found that because of slow income recovery, most of the new poor did not manage to bring back their income above the poverty line. As a result, the proportion of 'new poor', about a fifth of the population, barely moved from April. Though the 'new poor' were doing better than the chronic poor population before the pandemic, months of low income combined with the pressure of non-food

expenditure may push many 'new poor' HHs in a longer-term poverty trap, as explained in the previous section.

Regression of the vulnerable non-poor to poverty will be a major setback in the recent progress in Bangladesh on poverty reduction. Thus, the issues of the 'new poor' must be taken seriously.

12.4 Urban social protection

Even though the pandemic has hit almost everyone economically, some groups have been hit harder than the others. On one hand, this gives rise to increasing inequality and marginalization, but on the other hand, if we can specify the vulnerable groups, we can try to come up with targeted interventions for these groups and make more effective use of limited resources.

First, occupational groups in the informal sector appear to be suffering more than those who are working in the formal sectors. Female-headed HHs also appear to be affected more severely. Disproportionately more female respondents were out of work. The sectors they work in, e.g. domestic work and beauty parlours, have also been affected severely. The urban slum-dwellers are also disproportionately affected for two reasons. First, most of them work in the informal sector, which has been affected the most. Second, the non-food expenditure burden, particularly rent and utilities, is much higher in the cities. All the above groups are more vulnerable to falling in a poverty trap and less likely to restore their pre-COVID economic status without assistance for rehabilitation.

Bangladesh has made commendable progress on developing a social protection portfolio but this has so far been focused primarily on the rural poor. The crisis wrought by COVID-19 has put into sharp focus the urgency of extending social protection to the urban poor too. Indeed, the Government of Bangladesh did take some initial steps focused on extending traditional food support program to the cities and also experimented with a cash support program focused on the 'new poor'. However, these have been early, experimental steps and the challenge is to develop a fuller portfolio taking into account the specificities of the urban poor as distinct from the rural poor.

12.5 Health, nutrition and human capital reversal risks

We also find that months of low income combined with inadequate assistance and pressure of non-food expenditure have resulted in continuous 'food poverty' for many vulnerable HHs. The additional 'food poverty'—reflected in the contraction in food expenditure, reduction in food consumption and number of meals, and reduction in dietary diversity from pre-COVID levels—may bring disastrous long term health and

nutritional status, particularly for the already food insecure families and demographic groups like pregnant mothers, unborn babies and growing children. Bangladesh had been making steady progress from starch-centric diets to more nutritional diets. Unless countered by specific program initiatives, there are serious risks of reversals on the nutritional front which is a key SDG priority.

The reversal risk also extends to the health of the people. As explained earlier, the key concerns of the people at the moment have less to do with specific services related to the pandemic and more to do with their routine healthcare needs. There were serious disruptions in non-COVID healthcare needs including for family planning and child health needs. Overall, COVID-19 crisis has dramatically exposed the weaknesses in the healthcare system including the burden of healthcare costs. A particular policy agenda which has gained further urgency is urban health and in particular publicly-funded urban primary healthcare for the poor and vulnerable.

Beyond the risks of health and nutritional reversals, there is a looming third risk – that of pandemic period learning loss and consequent reversal in human capital. School closure has been one of the important pandemic containment policy and this is likely to continue till the end of 2020. To compensate, there has been a surge in use of digital technology but overall this has also shown a growing digital divide that further disadvantages the poor and the marginalized groups and locations. Not only is this a rising risk, an additional cause for concern is that this particular risk is yet to come into priority policy focus.

12.6 The 'other' crisis: Confidence and morale

The people of Bangladesh have demonstrated commendable resilience in coping with pandemic and its fall-outs. However, from their practical vantage points, they are understandably pessimistic about the emerging vulnerabilities and the risks of reversals on multiple fronts. Much has been discussed about monetary stimulus packages to accelerate the recovery process. But a critical 'stimulus' is a supportive policy and governance environment that encourages community engagement and a stronger listening culture among policy-makers on the needs and expectations of groups who lack 'voice muscle'. Confidence and morale among frontline workers in critical sectors such as health, local governments and municipal cleaners have repeatedly surfaced as issues during the pandemic response.