

IMPACTS CONSEQUENCES AND RESPONSES TO COVID-19 IN BANGLADESH : A HUMAN SECURITY APPROACH



Background

Poverty reduction in Bangladesh is a mixed story. We have made significant gains, however in the first 10 years there was a higher decline in poverty during the period 2000-2010, but during the period subsequent to that, 2010-2016, the rate was lower. Gains were made during the 7th Five Year Plan (2016-19), both extreme poor and moderate poor showed signs and steady gains in poverty reduction; not exactly in line with the plan

target, but nevertheless a moderate performance.



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Now, with the emergence of the COVID-19 pandemic crisis, the poverty and inequality have been at quite a devastating state. There have been major shocks which might need a major intervention to help millions of people survive this pandemic.



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POVERTY AND INEQUALITY – RECENT DEVELOPMENTS POST COVID-19 OUTLOOK



Challenges

- Even before pandemic:
 - Primarily because of resource constraint, Government support for the poor was very modest, only 29% of the bottom 40% has been receiving some kind of government support
 - Very limited allocation for social safety programs - it's about 2%, but out of that only 26.7% is for Government pension itself. Hence, excluding that the real allocation is not more than 1.5% of GDP
 - Emerging income distribution issue. In the period 2010-16 despite some higher per capita GDP growth rate, the poverty reduction per year has decreased
 - Non-uniform spread of poverty across regions; districts near Dhaka are more well off. But as we go along, certain areas like Kurigram, Dinajpur, or Bandarban, their levels are manifold bigger. Really disturbing is that Kurigram has 71% households below poverty line, which is a staggering number
 - The tax system, despite its progressivity, is not being efficiently enforced; rich are not paying taxes which hinders the transfer of wealth to the poorer households, disrupting the distribution system
 - Misallocation of resources. 40% of the resources are misdirected; they are not going to the intended households
 - The rising growth did not reach the bottom 10% of the population, instead their income has declined
- Gains in poverty in 7th five-year plan was more than reversed due to COVID-19
- According to estimations, for the worst-case scenario it was found that about 19.7% of population may have gone down below the poverty level (highest case scenario which might have occurred at the peak of lockdown like in April/May 2020)
- Around 12% of additional households might be dropping down below the poverty line now due to COVID lockdown
- The direct money-giving program which started to help poor families in the short run, did not sustain because of corruption at the field level and misinformation



Recommendations

- As there is a wide variation in the incidence of poverty across different divisions/districts in Bangladesh, there needs to be directed actions and targeted interventions to alleviate it in those regions which are not doing well
- The bottom 5% who are not benefitting from growth are crucially in need of focused attention. Whether they are people with special needs, mental health issues, senior citizens suffering from terminal illnesses, or whatever the reason is for why they are not able to benefit from the safety net programs - are some of the factors we need to address

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- Fiscal policy has not been effective at all, it needs to be more effective in terms of tax policy and collecting taxes from the rich
- More effective distribution of the social safety net resources to the poor is required
- Special short-term measures will need to be addressed, to deal with the current sharp increase in poverty due to the pandemic
- We can provide money, direct it through Bkash and other mechanisms to people in need, on the basis of their self-identification (i.e. like the programs done in Pakistan)
- According to our calculation, a modest 3,000 tk per family of 1.5 million family members for six months is a viable option to help them survive. It will cost the government less than 3 billion dollars, which is feasible given our current GDP level

