

Strategies applied to cope with COVID-19: Focus on LNOBs and PNOBs

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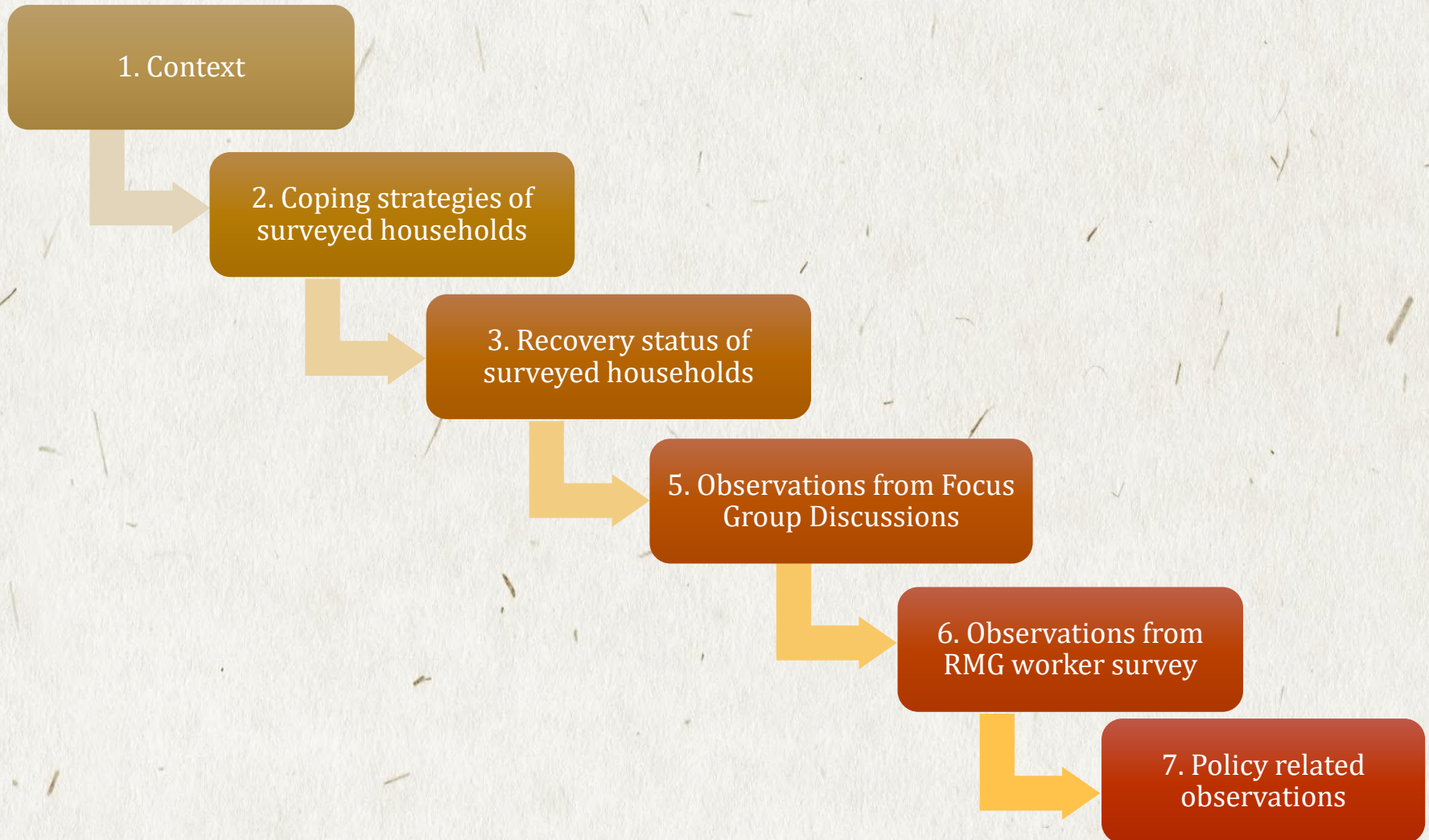
Acknowledgment

This presentation is based on Citizen's Platform's Working Paper-05 "Dealing with the aftermath of COVID-19: adjustments and adaptation efforts of the apparel workers in Bangladesh" by Dr. Debapriya Bhattacharya, Towfiqul Islam Khan, Fahim Sobhan Chowdhury, and Afra Tahsin Chowdhury, and Working Paper-06 "Coping with the fallouts of COVID-19 and its effects: Experience of the disadvantaged communities" by Dr. Debapriya Bhattacharya, Towfiqul Islam Khan, and Estiaque Bari.

Bhattacharya, D., Chowdhury, A. T., Chowdhury, F. S., and Khan, T.I. (2021). *Dealing with the aftermath of COVID-19: adjustments and adaptation efforts of the apparel workers in Bangladesh*. Citizen's Platform Working Paper 5. Dhaka: Citizen's Platform for SDGs, Bangladesh.

Bhattacharya, D., Bari, E., and Khan, T. I. (2021). *Coping with the fallouts of COVID-19 and its effects: Experience of the disadvantaged communities*. Citizen's Platform Working Paper 6. Dhaka: Citizen's Platform for SDGs, Bangladesh.

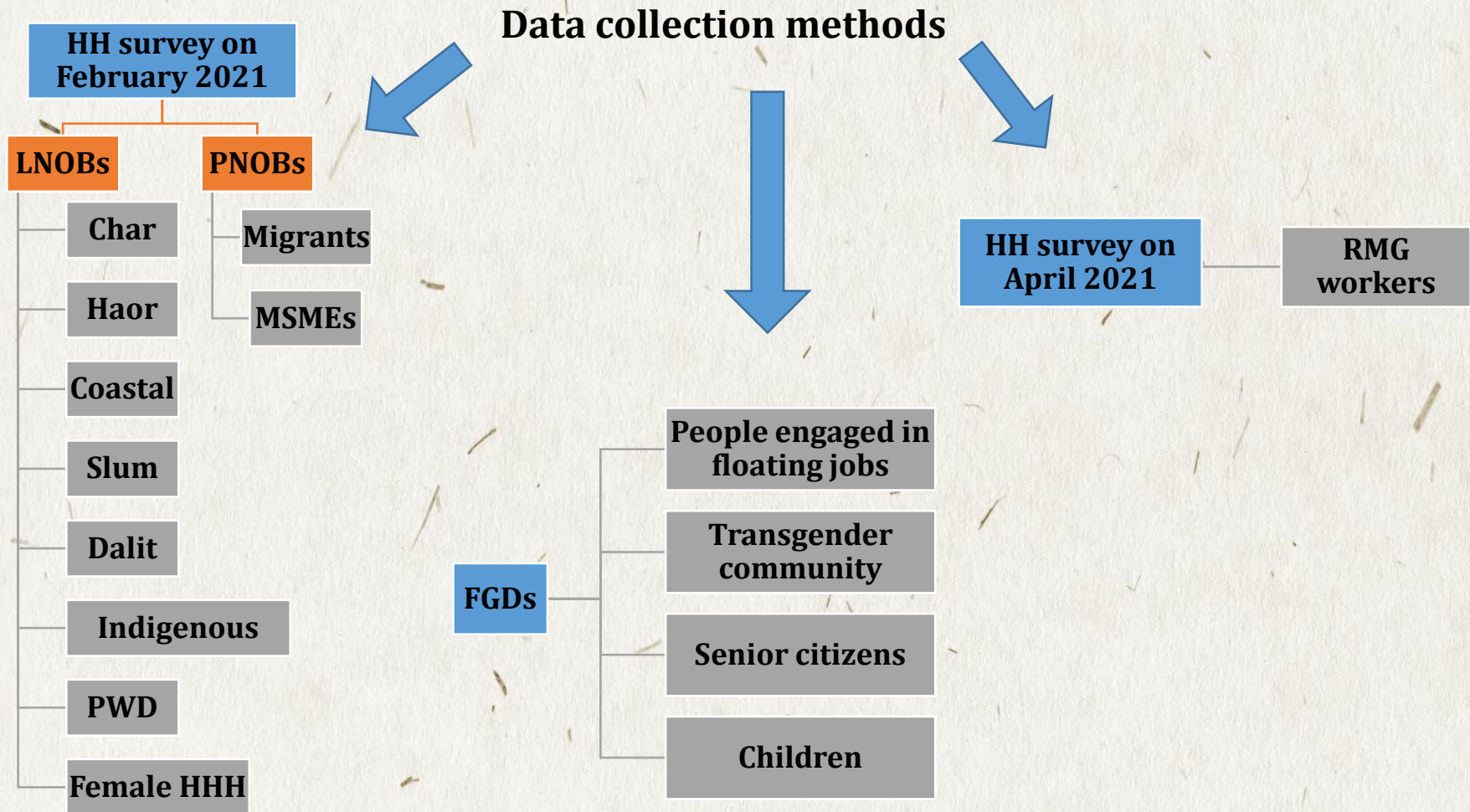
Overview



1. Context

- ➔ The marginalised communities of Bangladesh have been identified under two categories - the ones that have previously been left behind (LNOBs) and those that have newly been pushed behind (PNOBs)
- ➔ In the context of COVID-19, these groups have been impacted disproportionately
- ➔ While pre-existing vulnerabilities have accentuated, new vulnerabilities have been induced by the pandemic.
- ➔ This presentation is based on multiple studies by Citizen's Platform to explore the implications of the pandemic on these marginalised groups.

1. Context (contd..)



Source: Citizen's Platform Field Survey 2021

2. Coping strategies of surveyed households

We analysed HH level coping strategies by the following indicators:

I. Food adjustments

II. Non-food adjustments

III. Financial adjustments (e.g. borrowing and withdrawal of savings)

IV. Distress selling of assets

V. External support (both public and private)

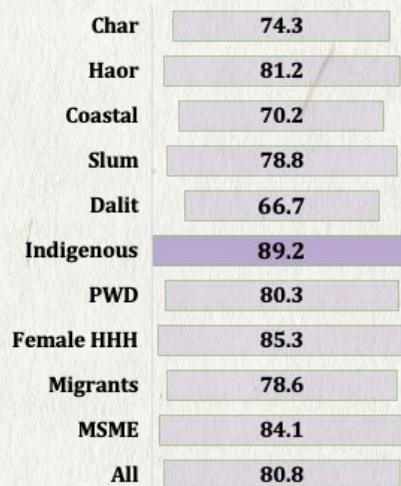
2. Coping strategies of surveyed households (contd..)

Specific Coping Strategies	LNOBs	PNOBs	All
Cut down food & non-food expenses + Borrowing	18.0	27.3	20.0
Cut down food & non-food expenses + Borrowing + Asset sold	10.5	10.6	10.5
Cut down food & non-food expenses + Private support	7.6	2.9	6.6
Cut down food & non-food expenses + Asset sold	4.8	11.6	6.3
Cut down food & non-food expenses	6.3	4.4	5.8
Cut down food & non-food expenses + Borrowing + Government support	6.7	2.6	5.8
Borrowing (loan)	5.7	5.5	5.7
Cut down food & non-food expenses + Borrowing + Private support	5.2	5.5	5.3
Cut down food & non-food expenses + Asset sold + Private support	3.6	2.6	3.4
All but private support	3.6	2.6	3.4
Savings withdrawal + Asset sold	2.8	3.6	3.0
Borrowing (Loan) + Asset sold	3.1	2.2	2.9
All but withdrawal of savings & asset sold	2.8	2.6	2.7
Cut down food & non-food expenses + Government support	3.0	0.4	2.4
Cut down food & non-food expenses + Government + Private support	2.7	1.5	2.4
All but government support	1.1	5.1	2.0
All but borrowing (loan)	1.9	1.1	1.7
Cut down food expenses	1.5	1.5	1.5
Private support received	1.2	1.8	1.4
Cut down food & non-food expenses + Asset sold + Government support	1.4	0.7	1.3
Private support + Borrowing (loan)	1.1	1.1	1.1
All	0.6	1.5	0.8
Government support + Borrowing (loan)	0.9	0.0	0.7
Private support + Asset Sold + Borrowing	0.8	0.4	0.7
Government support	0.8	0.0	0.6
Private support + Asset sold	0.4	0.7	0.5
Government + Private support	0.5	0.0	0.4
Government + Private support + Borrowing (loan)	0.5	0.0	0.4
Government support + Asset sold + Borrowing	0.4	0.4	0.4
Government support + Asset sold	0.3	0.4	0.3
Government + Private support + Asset Sold	0.2	0.0	0.2
All combination of coping strategies	100.0	100.0	100.0

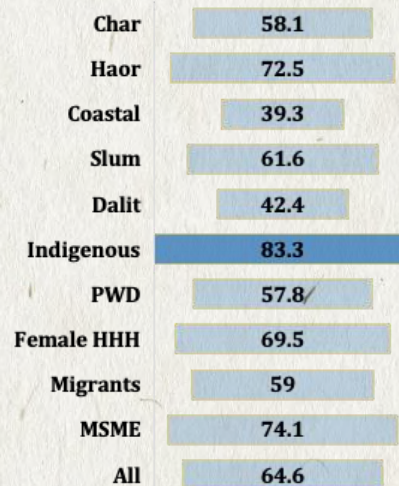
In total **31 different combinations** of coping strategies were adopted by the surveyed marginalised groups

2. Coping strategies of surveyed households (contd.)

I. HHs who reduced food expenses (%)



II. HHs who reduced non-food expenses (%)



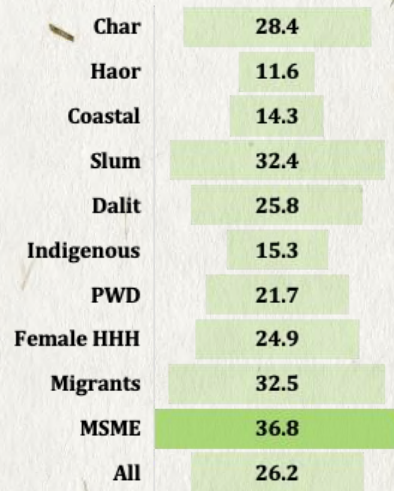
Source: Citizen's Platform Field Survey 2021

- ➔ Reduction in food expenses has been the most common coping strategy adopted.
- ➔ The highest percentage of HHs who had to adjust food and non-food expenses were from the **indigenous community**, whereas the HHs from the **Dalit community** had made the least adjustment.

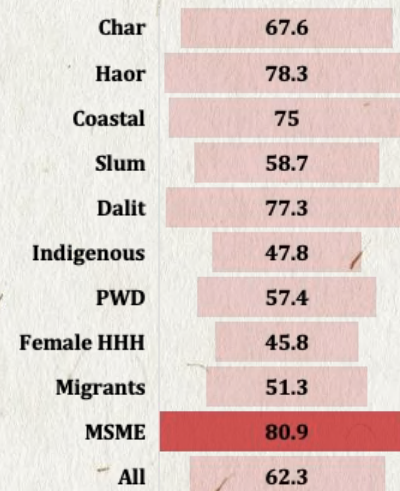
2. Coping strategies of surveyed households (contd..)

III. Finance related

HH who withdrew savings (%)



HHs who borrowed money (%)



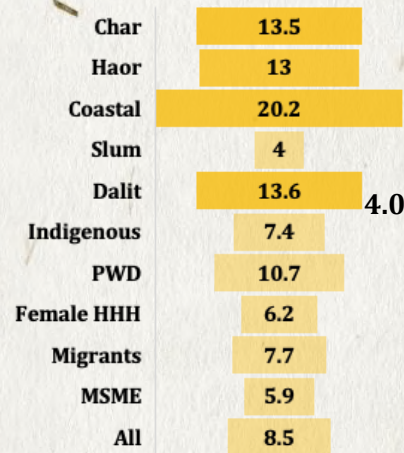
Source: Citizen's Platform Field Survey 2021

- ➔ More HHs resorted to borrowing money than withdrawing their savings which might hint an underlying characteristic of their pre-existing lack of savings
- ➔ More HHs from **MSME** group had to **take loans** or **withdraw their savings** compared to the other marginalised groups

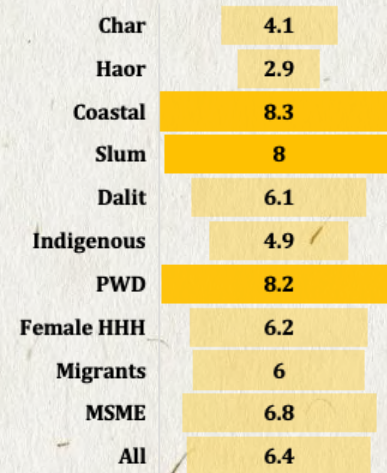
2. Coping strategies of surveyed households (contd.)

IV. Sold assets

HHs who sold livestock (%)



HHs who sold other assets (%)



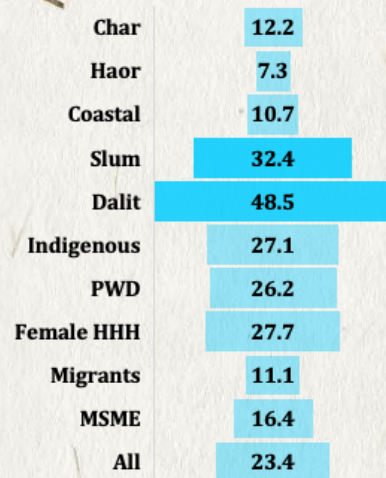
Source: Citizen's Platform Field Survey 2021

- ➔ Distress selling of livestock was more noticeable among the HHs in the geographically disadvantaged groups
- ➔ Other assets included *land, gold, harvest and labor in advance* among others

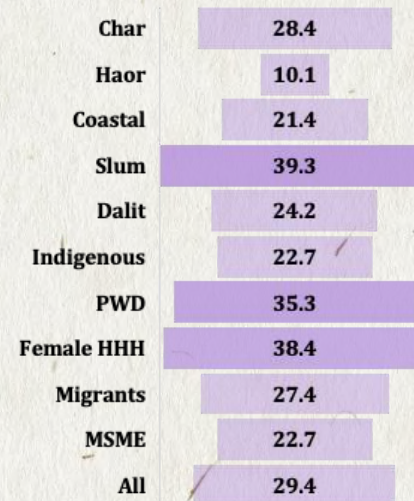
2. Coping strategies of surveyed households (contd.)

V. External support

HHs who got government support (%)



HHs who got private support (%)



Source: Citizen's Platform Field Survey 2021

➔ Relatively **high percentage of slum dwelling households** received both **public and private aid**.

(Primarily it was assumed that restriction on mobility due to the pandemic will impact most on urban marginalised groups)

2. Coping strategies of surveyed households *(contd..)*

Types of Government support received by the surveyed HHs

Types of Government Supports	LNOBs	PNOBs	All
Food Assistance only	53.6%	60.8%	54.2%
Food + Other in-kind support	20.9%	11.8%	20.1%
Cash + Food + Other in-kind support	9.9%	9.8%	9.9%
Cash + Food Assistance	9.9%	15.7%	10.4%
Cash only	3.9%	2.0%	3.7%
Other in-kind support only	1.3%	-	1.2%
Cash + Other in-kind support	0.5%	-	0.5%
Number of HHs received support (in total)	545	51	596
% of HHs received support	43.6%	14.5%	37.3%

Source: Citizen's Platform Field Survey 2021

- ➔ Government support was received more in the form of food assistance than cash or any other in-kind support
- ➔ On average more LNOBs received government support compared to PNOBs (almost three times more)

3. Recovery status of surveyed households

➔ Nearly 75% of the surveyed 1600 HHs had experienced additional financial hardship induced by the pandemic



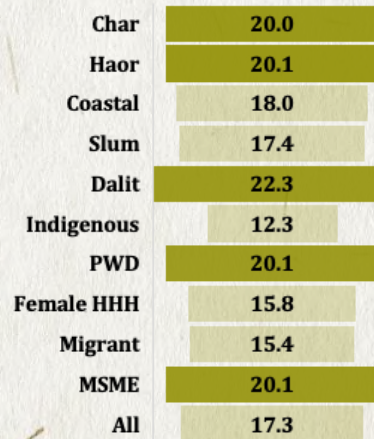
20% already recovered
(recovered within first 6-7 months
of the crisis)



80% did not recover
(expected recovery time 18-
21 months)

3. Recovery status of surveyed households (contd..)

Average tentative recovery time of all HHs(in months)



Source: Citizen's Platform Field Survey 2021

- ➔ On average, households perceived that it may take one and a half year to fully recover from the crisis (in February 2021 which was after the first wave).
- ➔ The second wave will definitely prolong the recovery time.

3. Recovery status of surveyed households *(contd..)*

A **Probit regression analysis** was undertaken to estimate the average marginal effects of the external support on the recovery of HHs who faced financial hardships induced by COVID-19.

➔ the likelihood of recovery for the **coastal and slum** dwelling HHs increased significantly when they received **cash support from the government**.

Since the rate of recovery was found to be low the exercise could not be carried out for these other marginalised groups

➔ **private support** increased the likelihood of recovery of Char HHs.

➔ the likelihood of recovery for the Char community HHs was significant when they received **government food support**

➔ HHs who withdrew savings or took loans in the first 8 months, their likelihood of recovery was lower

3. Recovery status of surveyed households *(contd..)*

An **OLS estimation** was done to estimate the anticipated amount of time (in months) required by the marginalised groups to recover from financial hardships:

- ➔ coastal, slum, PWD and MSME HHs are anticipated to recover earlier with the help of **government cash support** (6 months to 14 months earlier than the other surveyed HHs)
- ➔ upon receiving **government food support** Char and migrant HH are anticipated to recover earlier compared to all the other surveyed marginalised HHs (7 and 10 months earlier)
- ➔ The more vulnerable the HHs became, the more time they took to recover

4. Observations from Focus Group Discussions

➔ Floating population

In order to cope with the financial burden domestic workers, and migrants living abroad had to share living spaces with several others to reduce cost of rent

Domestic workers who lost their jobs had even resorted to begging on the streets

Almost all groups stated that they could financially afford to spend less on food after the pandemic started

➔ Transgender community

Many of them had to leave the city or shift to their villages due to no earning source

However, since their families do not accept them, they became more vulnerable

5. Observations from RMG survey

- ➔ The RMG workers who coped by reducing their food consumption mostly reduced the quantity or frequency of protein intake
- ➔ Majority of the workers took loans which was most prevalent in Dhaka. The number of workers taking loans increased during the second wave
- ➔ Workers withdrew more savings during the second wave (most prevalent in Narayangonj and Chattogram)

Concluding observations

- ➔ The marginalised households opted for reduced consumption expenditure, including for food which may likely to negatively affect hunger and nutrition-related development areas
- ➔ A large number of marginalised households are likely to lose their savings and fall into a debt trap
- ➔ The expected recovery could take as high as 18 months in terms of financial hardship; while if the loan recovery is considered it may take about 3.5 years
- ➔ A new wave can prolong the required recovery time

6. Policy related observations

- ➔ Inflationary pressure on commodity prices have slowed down the recovery process especially for the marginalised communities given that a large proportion of their HH expense is usually on food.
- ➔ Government support needs to continue on disseminating essential food commodities via 'Open market Sales' programme essentially to the localities of these groups.
- ➔ Income recovery has been slow. The prevailing loan indebtedness needs to be address via cheaper loan provisions particularly to SMEs/MSMEs
- ➔ Putting together an integrated serviceable **database** is essential without which delivery of private or public support is hampered

Thank You



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