

Research Brief

Background Research Papers for Preparing the National Social Security Strategy of Bangladesh

Poverty, Vulnerability and Inequality in Bangladesh

Introduction

Bangladesh has made good progress in reducing poverty but still a high population is either poor or is vulnerable to falling into poverty. Social protection aims to both tackle poverty and build resilience among individuals and families so that they are less vulnerable to fall below the poverty line.

Objective : To undertake an in-depth assessment of poverty profiles by different attributes such as areas of residence, divisions, gender and age groups, and by different poverty lines, with the objective of designing the most appropriate social protection programmes

Methodology

Poverty analysis is done using Household Income and Expenditure Survey (HIES) 2010 data. HIES 2010 data is complemented by various studies and reports. The Foster–Greer–Thornback measure has been used to assess the poverty situation in Bangladesh

Research Findings

Poverty by Location, Gender and Residence

| | Upper Poverty Line (UPL) | | | Lower Poverty Line (LPL) | Food Poverty Line (FPL) | Near Poverty Line (UPL x 1.2) |
|-----------------|-----------------------------|-------|----------|--------------------------|-------------------------|-------------------------------|
| | Head Count | Gap | Severity | | | |
| Location | | | | | | |
| Rural | 35.35 | 7.86 | 2.52 | 19.89 | 5.73 | 51.27 |
| Urban | 21.49 | 4.51 | 1.43 | 11.52 | 3.13 | 33.32 |
| Gender | | | | | | |
| Men | 31.3 | 7 | 2.3 | 17.2 | 5.2 | 46.2 |
| Women | 31.8 | 7.3 | 2.4 | 17.8 | 5.4 | 46.2 |
| Division | | | | | | |
| Barisal | 39.22 | 10.06 | 3.62 | 26.59 | 12.16 | 51.23 |
| Chittagong | 26.17 | 5.24 | 1.59 | 13.1 | 1.95 | 42.12 |
| Dhaka | 30.5 | 6.77 | 2.13 | 15.46 | 4.4 | 44.53 |
| Khulna | 32.03 | 7.04 | 2.32 | 15.37 | 3.52 | 47.49 |
| Rajshahi | 33.37 | 7.39 | 2.31 | 19.12 | 5.96 | 49.98 |
| Sylhet | 28.08 | 5.48 | 1.57 | 20.73 | 4.78 | 42.22 |

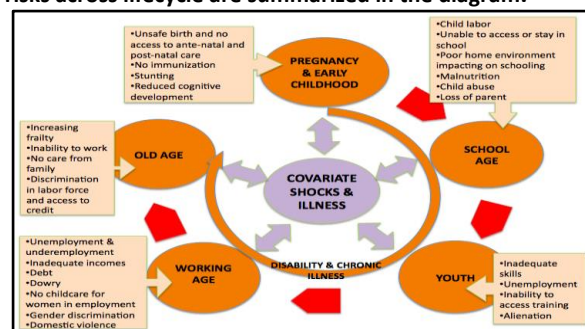
- Poverty higher in rural (35.3%) compared to urban areas (21.4%). Analogous to the head count poverty rate, other measures such as poverty gap and severity are also substantially higher in rural locations as shown in the above table.
- Male-headed households (32%) likely to be poorer than female-headed households (26%). In contrast to this general pattern, older women are poorer (31%) than older men (26 %).
- Poverty highest in Barisal (39%) followed by Rajshahi (33.3%) and Khulna (32 %) – the less integrated regions in terms of connectivity with major growth centres of the country.

- When income is measured, inequality is very high with the Gini co-efficient at 0.46 (<0.4 regarded as high Inequality). When expenditure is measured, Gini co-efficient is much lower at 0.32 (BBS 2010).
- Difference due to hosts of factors such as remittances (private transfers) and public policies including micro-credits and safety net programmes that build up consumption prospects of the poor beyond what are possible from income or the larger measurement errors associated with estimating income.

Understanding Poverty Profile from Life Cycle Perspective

It should be borne in mind that a shock hitting one person at some point in their lifecycle also has implications for others with whom they have social and kinship relations, particularly for those within the same household.

The risks across lifecycle are summarized in the diagram.



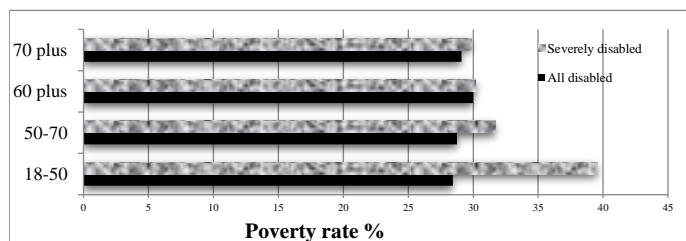
Pregnancy and early childhood: Strong correlation between poverty reduction and improved nutrition, suggesting higher incomes reduce undernutrition. Bangladesh will continue to make progress in improving nutrition among young children. It will be important to ensure that public policy actions address multiple factors in order to improve nutrition.

School Age: School enrolment among poor children aged 6-10 years increased from 72% in 2005 to 78 % in 2010. (BBS2010). Enrolment among girls is higher than for boys in both age groups. Still a lot needs to be done, in upper primary and secondary schools. The main reduction in child labourers since the mid-1990s has been among girls, which may reflect the impact of the introduction of the Female Secondary Stipend programme and suggests that poverty does drive child labour. It is likely that some adolescent girls come under pressure to care for younger siblings and, as a result, leave school. The absence of childcare facilities means that, if women want to return to work after giving birth, they will have to find others to care for their children.

Youth: Insufficient skilled labour is a major impediment to growth. Vocational education alone is not the solution; in the long-term, it is important to ensure that children gain an adequate secondary education to prepare them for the labour market. It is an area that requires much greater research so that the causes are understood, and effective solutions are provided.

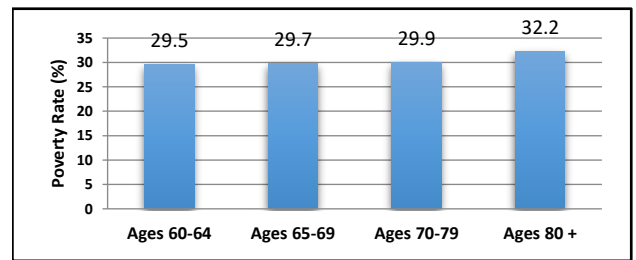
Working Age: Low level of education, structural disadvantages, gender discrimination are some of the many challenges faced by working age population. Inadequate social protection system means that families with children also have to provide care and support to those elderly people and people with disabilities who are in need of assistance. In effect, this is an informal tax on working families that limits their ability to invest in productive activities.

Disability: Around 8.9 percent of the population – 8 percent of males and 9.3 percent of females – has some form of disability.



Poverty rates vary between different age groups, but only among the severely disabled, rather than among all disabled as shown. If a working age adult is disabled, it has a significant impact on the household. Indeed, the headcount poverty rates for this group reach almost 40 percent, significantly higher than among other older age groups. The latter may be more likely to be in receipt of support. A male becoming disabled results in a loss of earnings 4 times greater than when a woman becomes disabled, reflecting gender differences in labour market engagement.

Old Age:



Above fig suggests that poverty rates rises with age as work has less option, due to illness or disability. In the absence of an effective old age pension system –many older people in Bangladesh continue to work, but often with insecure and vulnerable livelihoods and face discriminations. They are often denied access to micro-credit.(19% Older people compared to 45% adult)(HelpAge Study2008). Given the changing age structure of the population and increasing proportions of the population that will be living with older people this could undermine future achievements in poverty reduction

Conclusion

Bangladesh has succeeded, in establishing safety net interventions that have contributed to a dramatic reduction in poverty. The social protection needs of an industrialised, globalised middle-income Bangladesh are very different from those of the rural, informal, low-income, disaster-prone past. In coming decades, the shocks to be dealt with will be macro-economic, the problems will be less about famine and more about inclusive growth; and the key issues will have less to do with food security and more to do with social cohesion and equity. So it is not enough just to rationalise existing programmes, increase transfer amounts here, extend coverage but rather time for a fundamental rethink of the way social protection in Bangladesh is conceptualised and delivered. Encapsulating this in terms of an inclusive life-cycle approach in the new National Social Protection Strategy provides the ideal opportunity to do this.

