



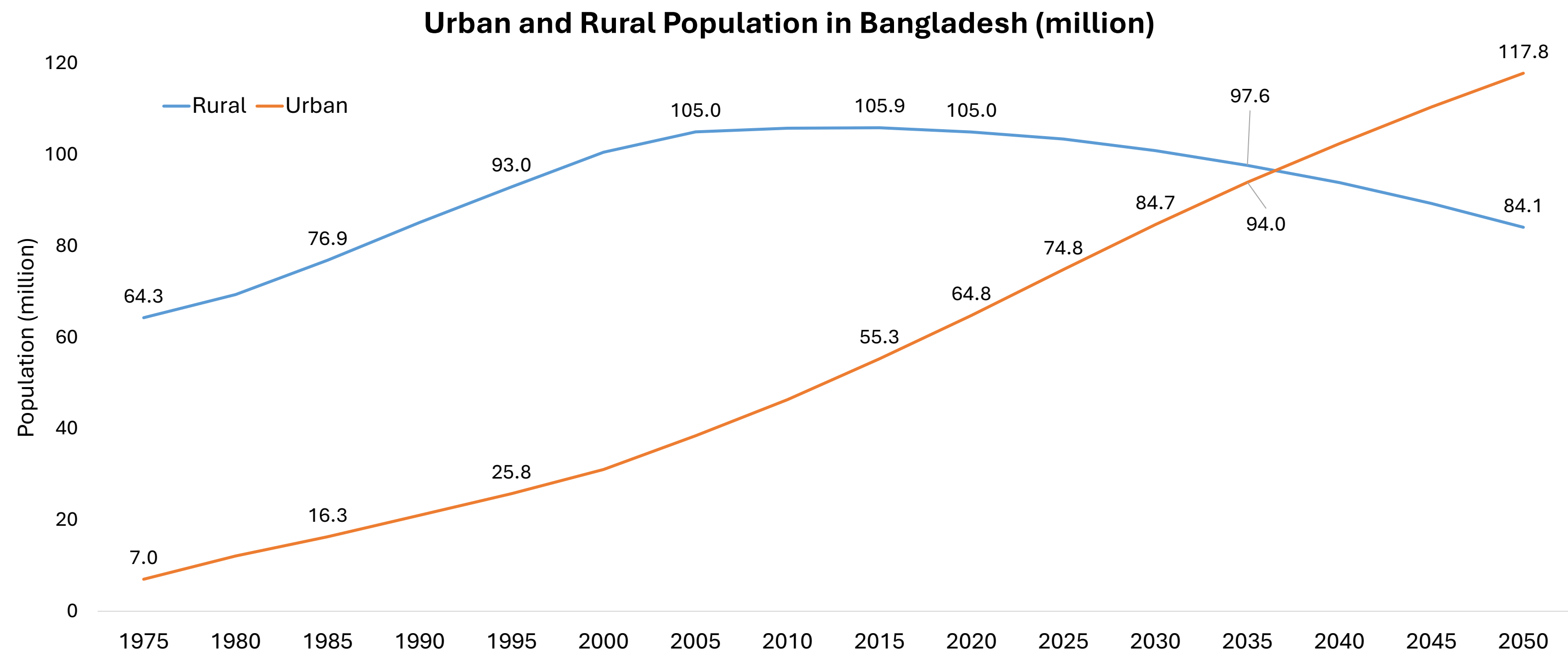
Urban Poverty, Vulnerability, and Social Protection: An Assessment Using HIES Data

Mohammad Abdur Razzaque

Presentation at: Social Protection Conference 2025, Dhaka, 2 September

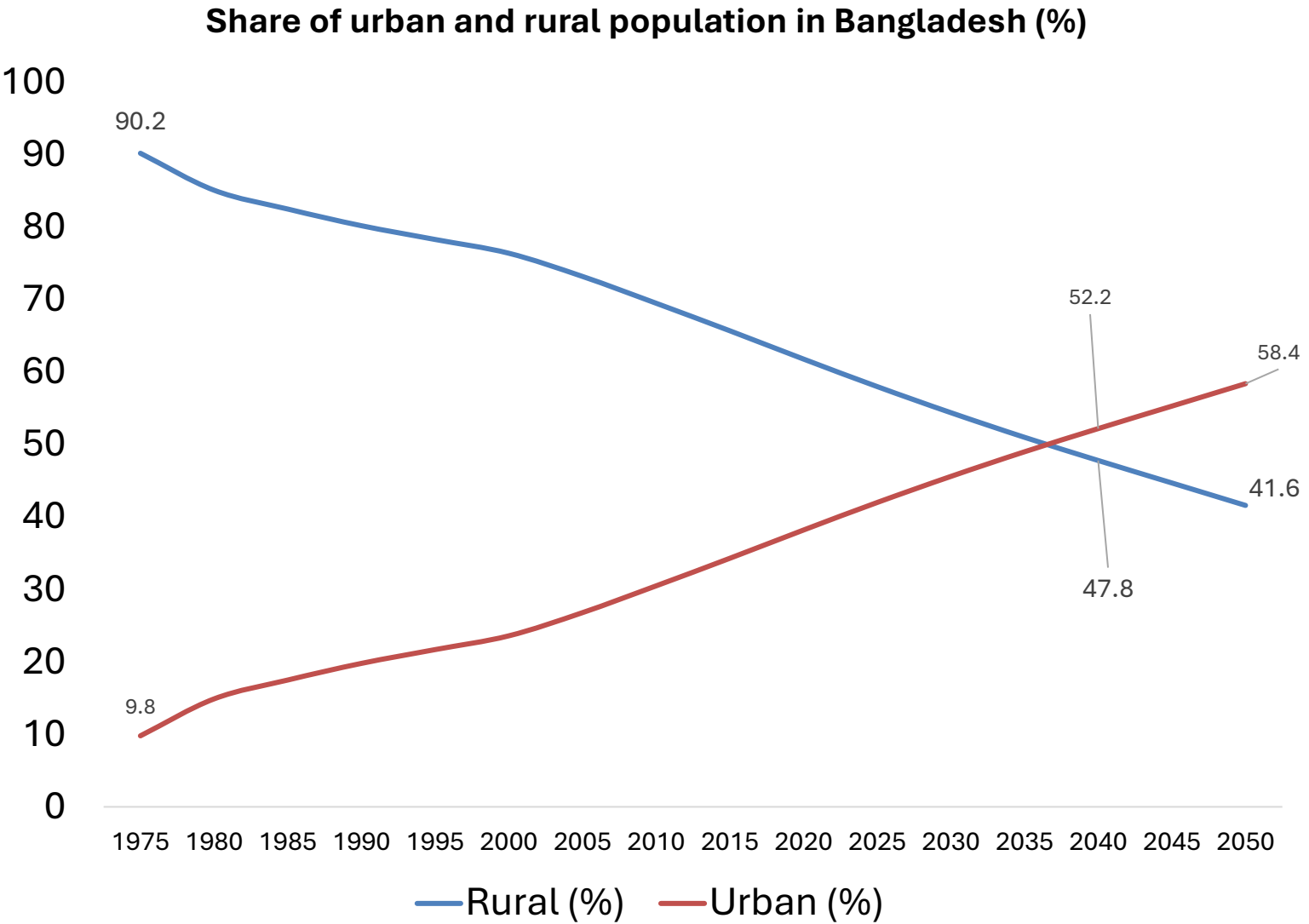
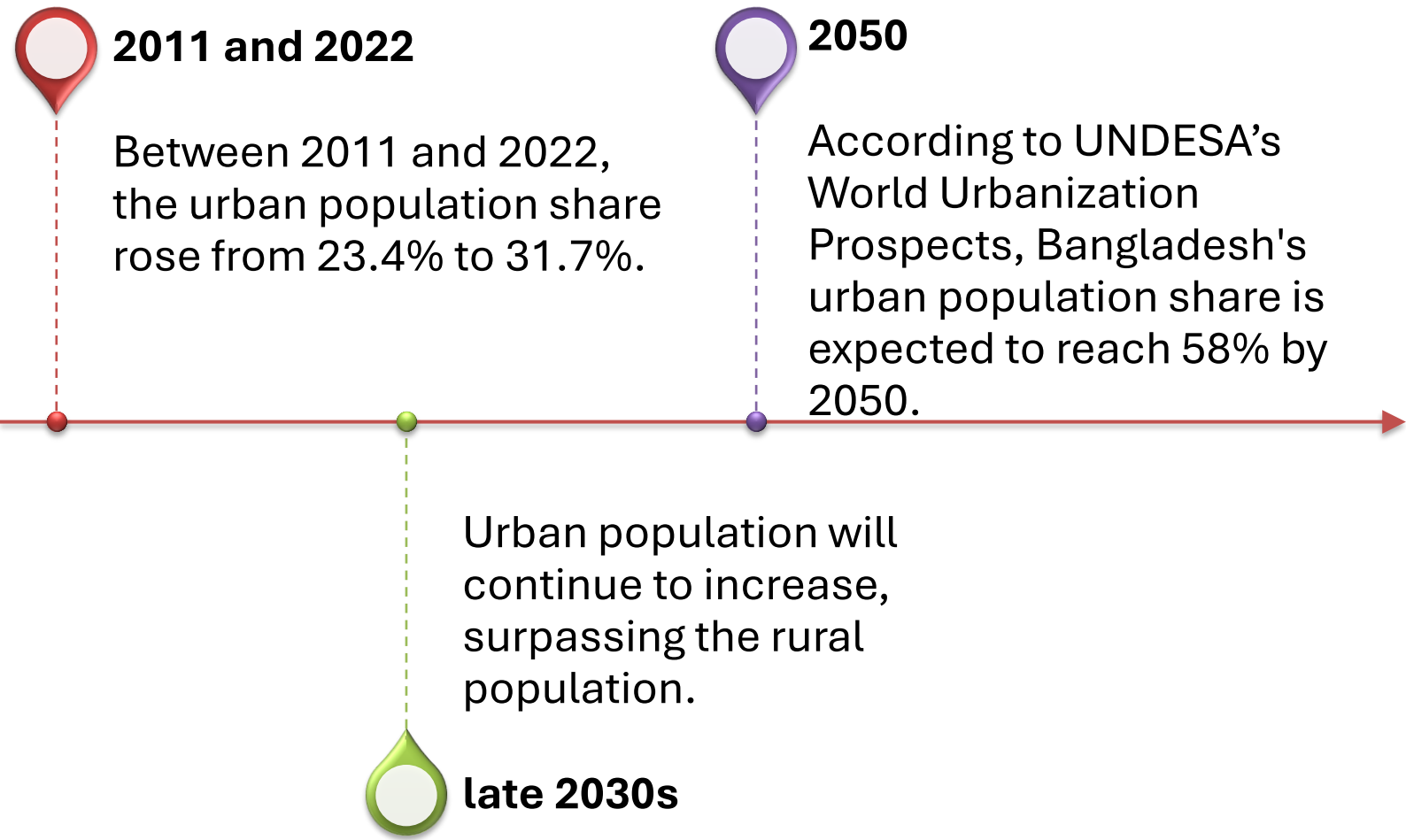


Rapid urbanization is significantly transforming Bangladesh's demographic and social landscape.

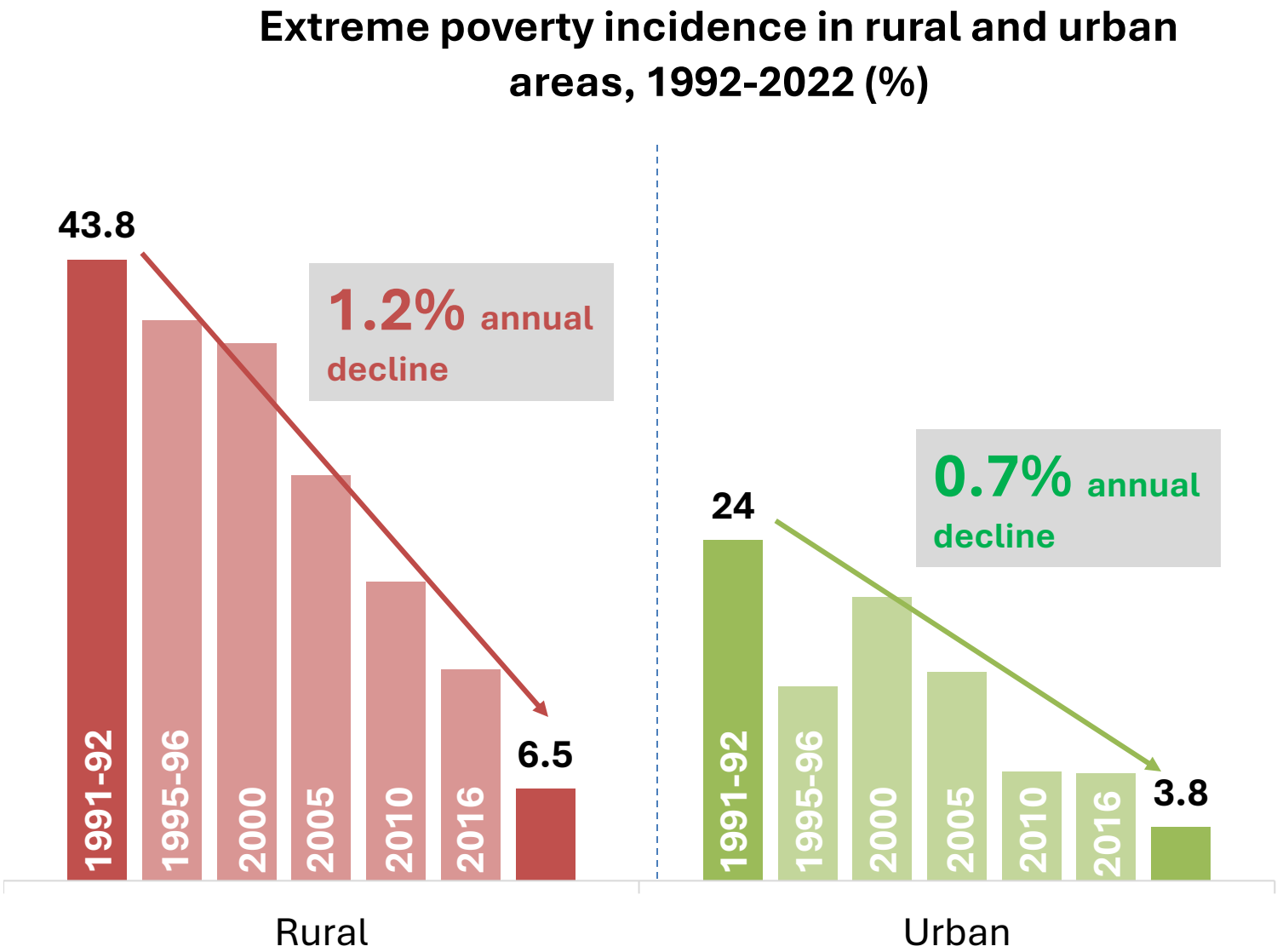
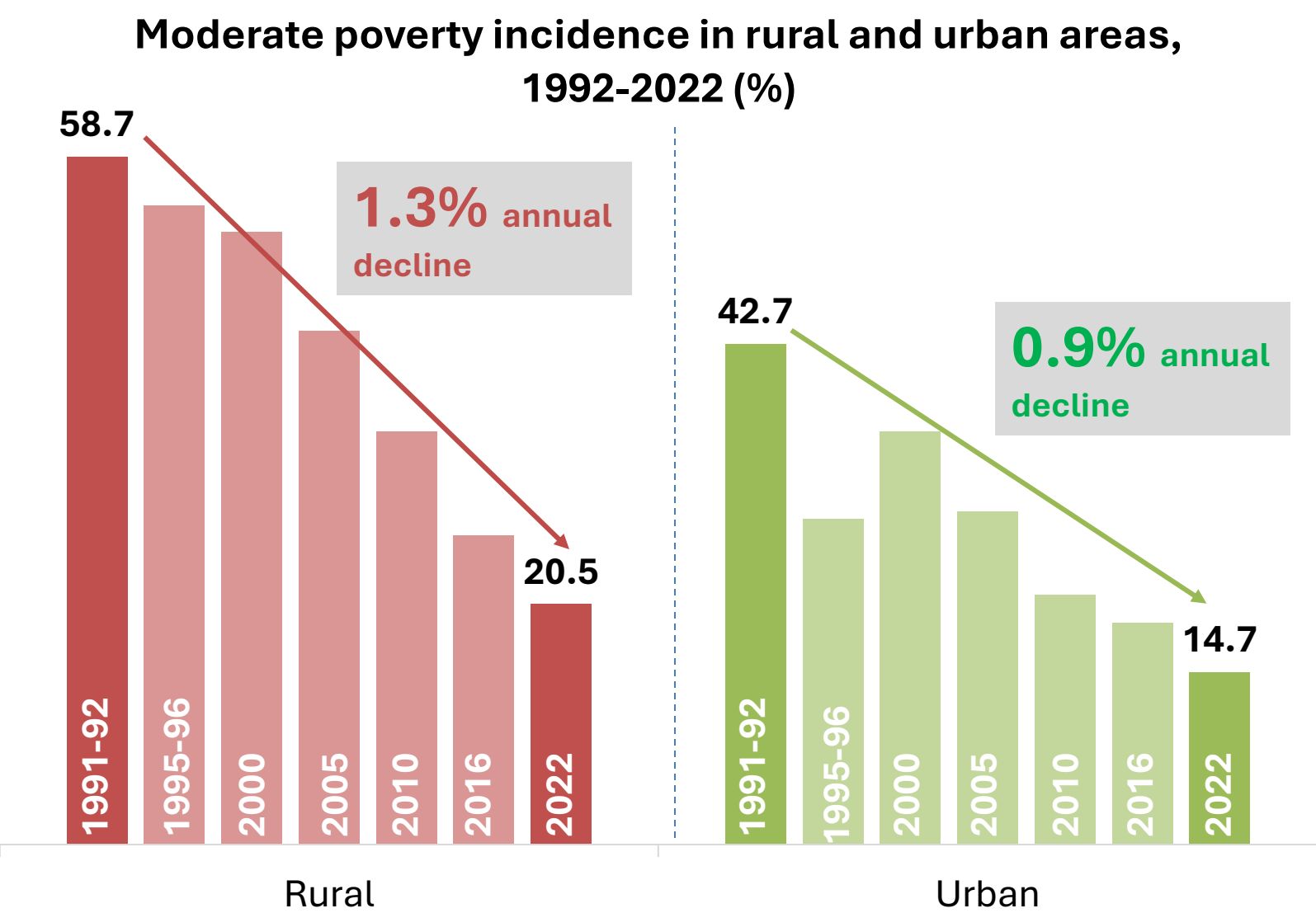


Source: United Nations Department of Economic and Social Affairs (UNDESA) World Urbanization Prospects.

By the late 2030s, there will be more Bangladeshis living in urban areas than in rural areas.

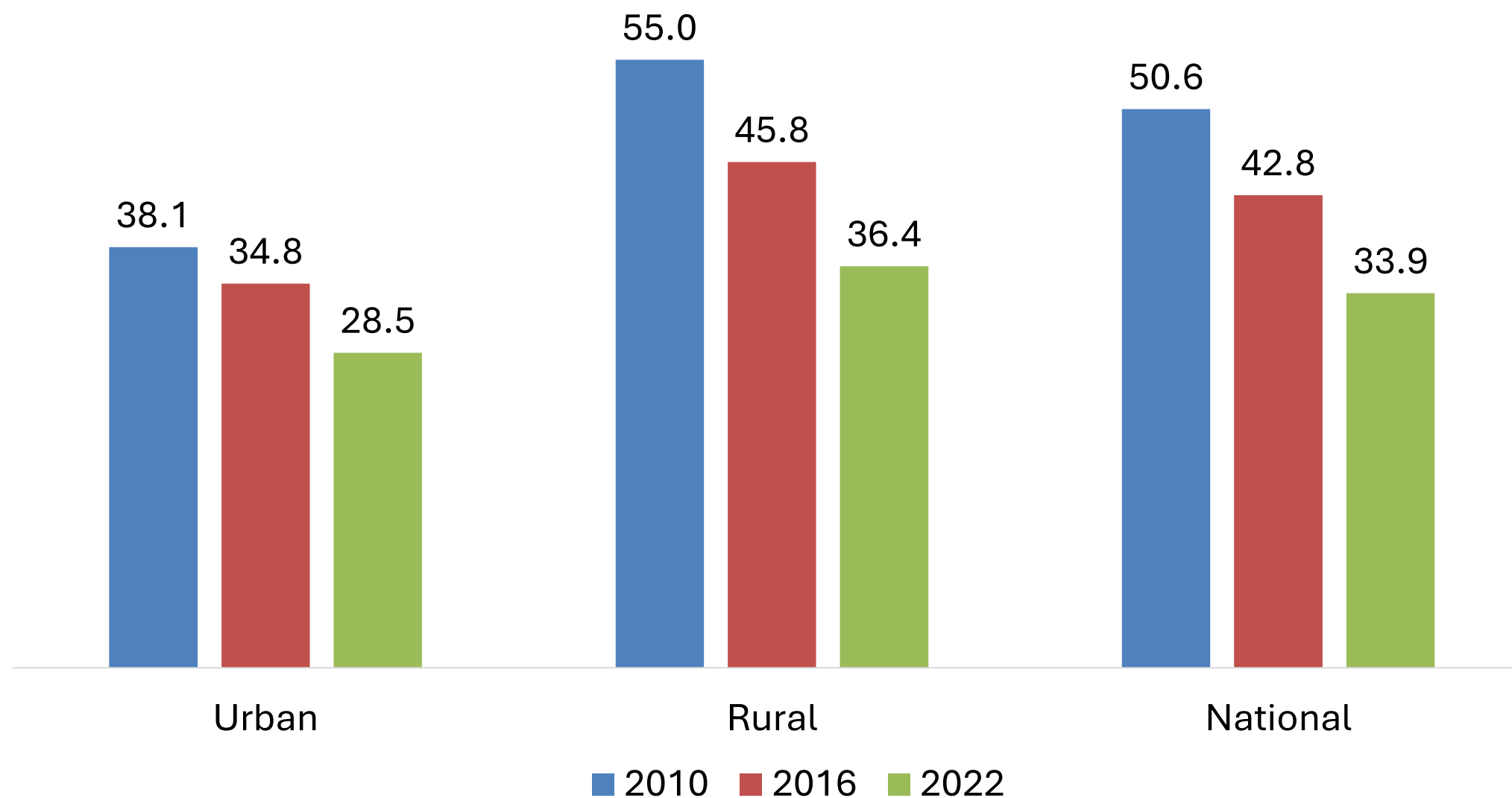


Urban poverty reduction has been slower for both moderate and extreme poverty.



In addition to the poor, a significant portion of people remains vulnerable – one-third of the population is either poor or vulnerable in Bangladesh.

Poverty and vulnerability in Bangladesh (% of total population)



- The NSSS defines vulnerable populations as having an income above the national moderate poverty line but below a level of 25% more, i.e. below 1.25 times the poverty line income.
- Poverty and vulnerability in urban areas are estimated at 28.5% - meaning that 28.5% people living in urban areas are either poor or vulnerable.

The absolute number of poor plus vulnerable people in urban areas is on the rise: from 13.2 million to 15.3 million.

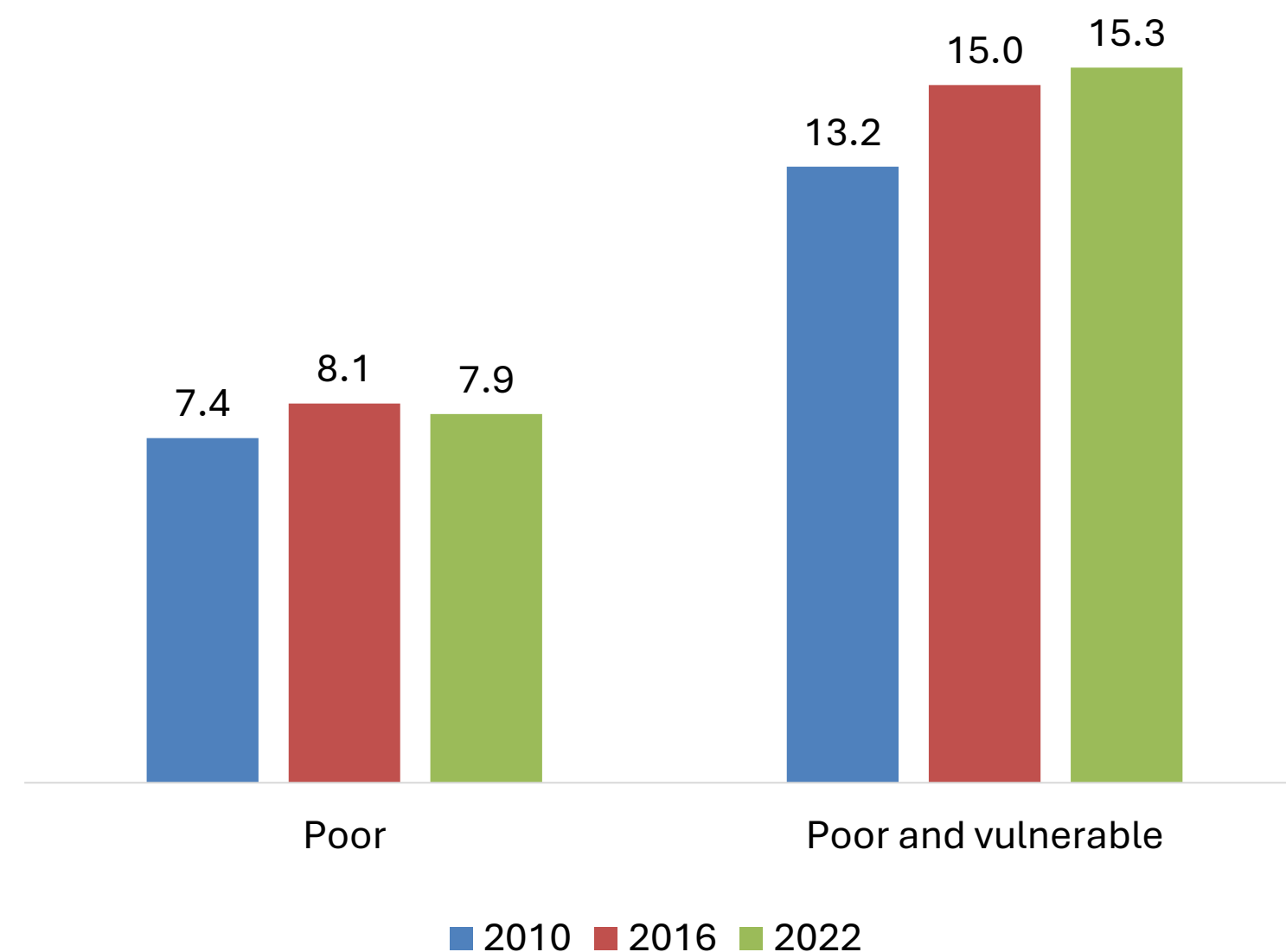
The number of poor people in urban areas:

- Increased by **half a million between 2010 and 2022** (from 7.4 million in 2010 to 7.9 million)

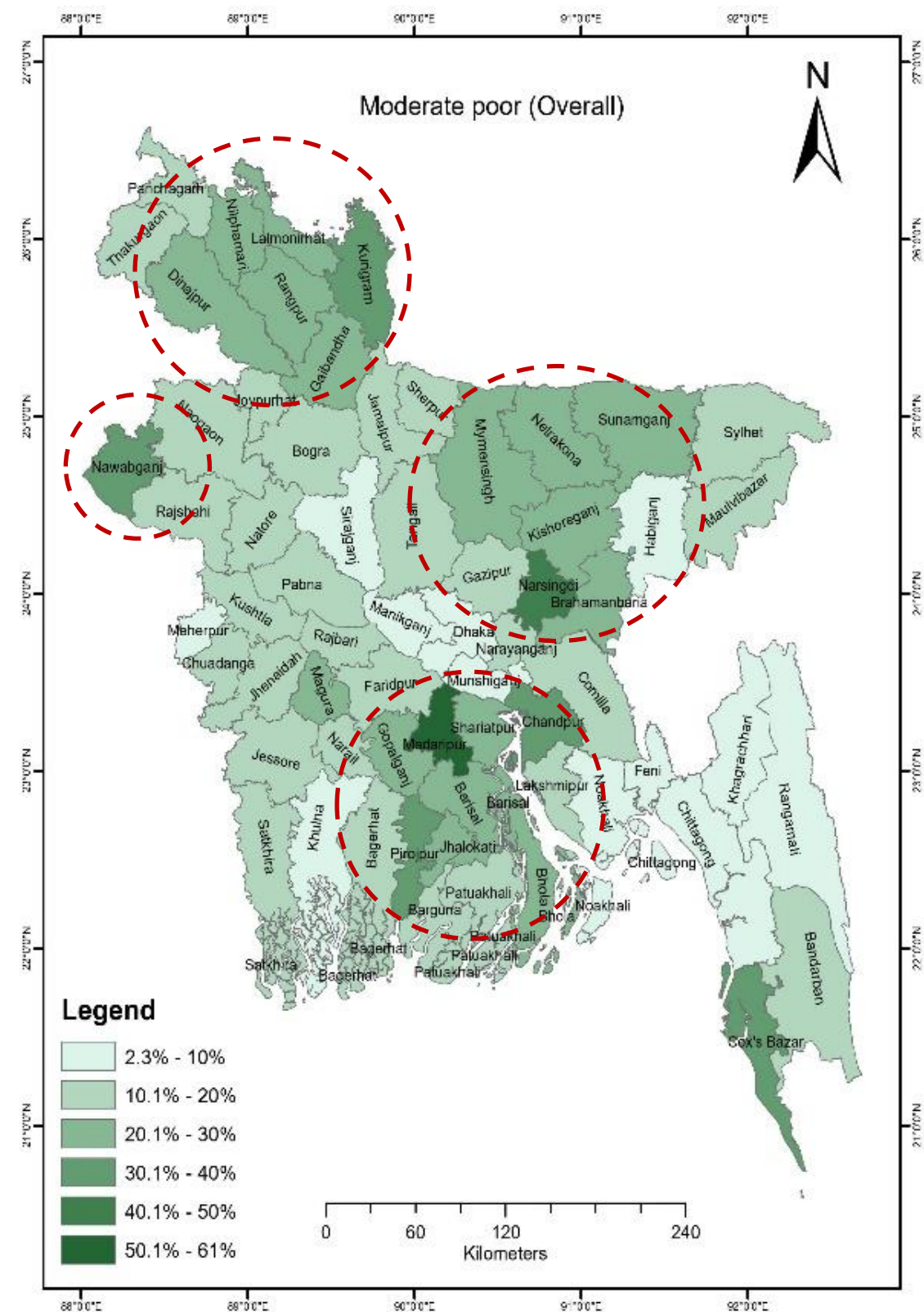
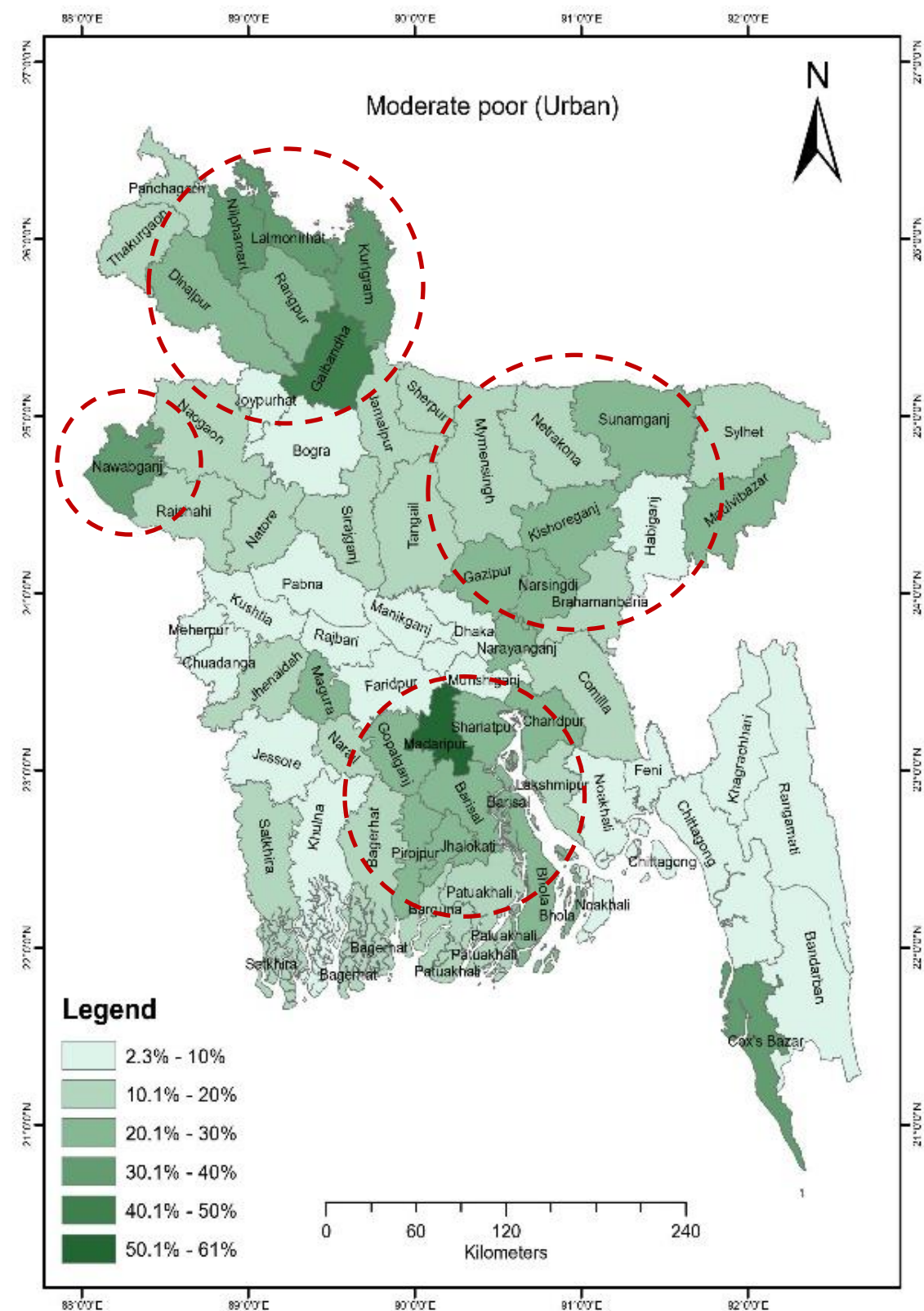
The number of poor and vulnerable people in urban areas:

- Increased by **2.1 million** (from 13.2 million in 2010 to 15.3 million in 2022)

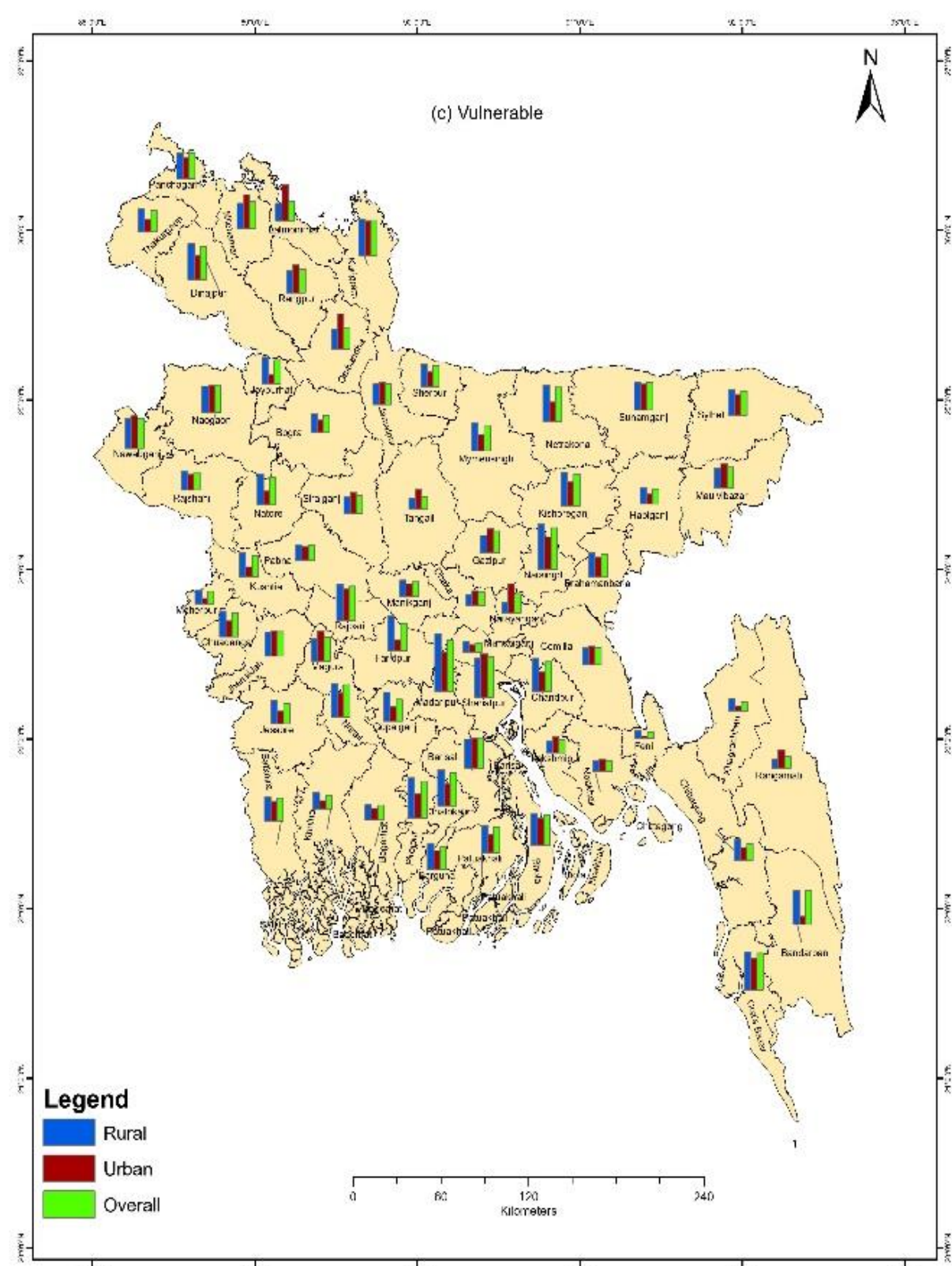
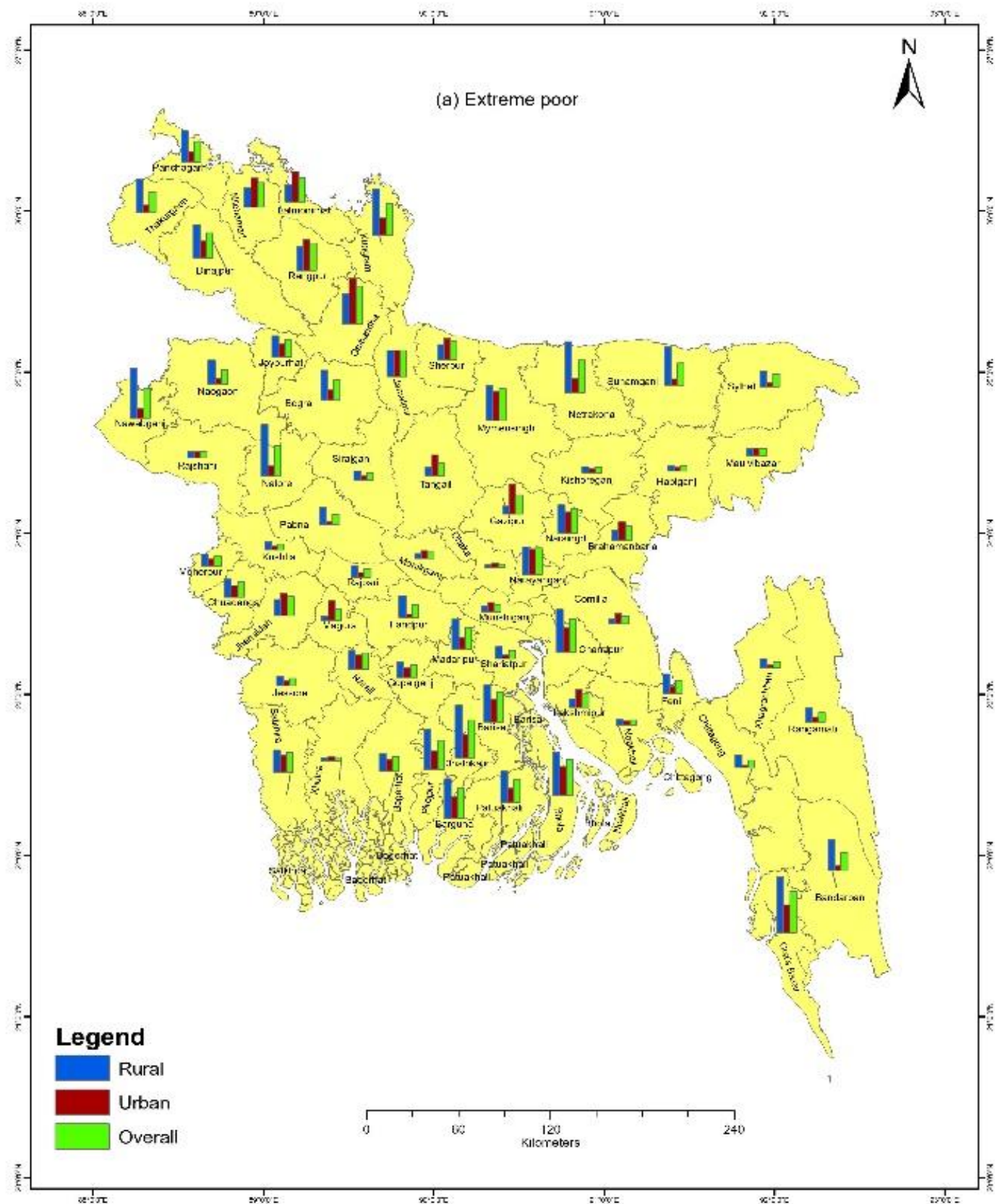
Number of poor and vulnerable in urban areas (million)



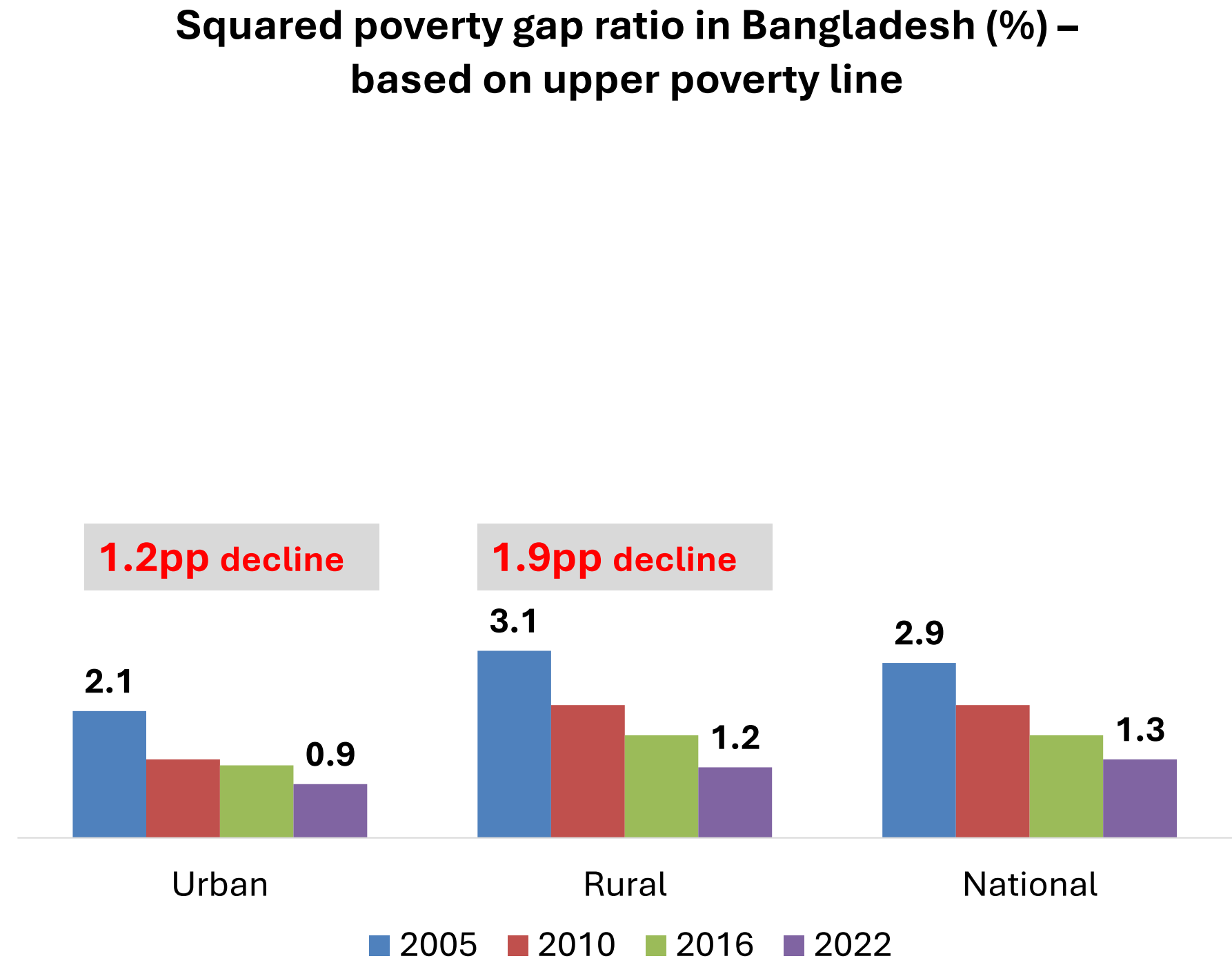
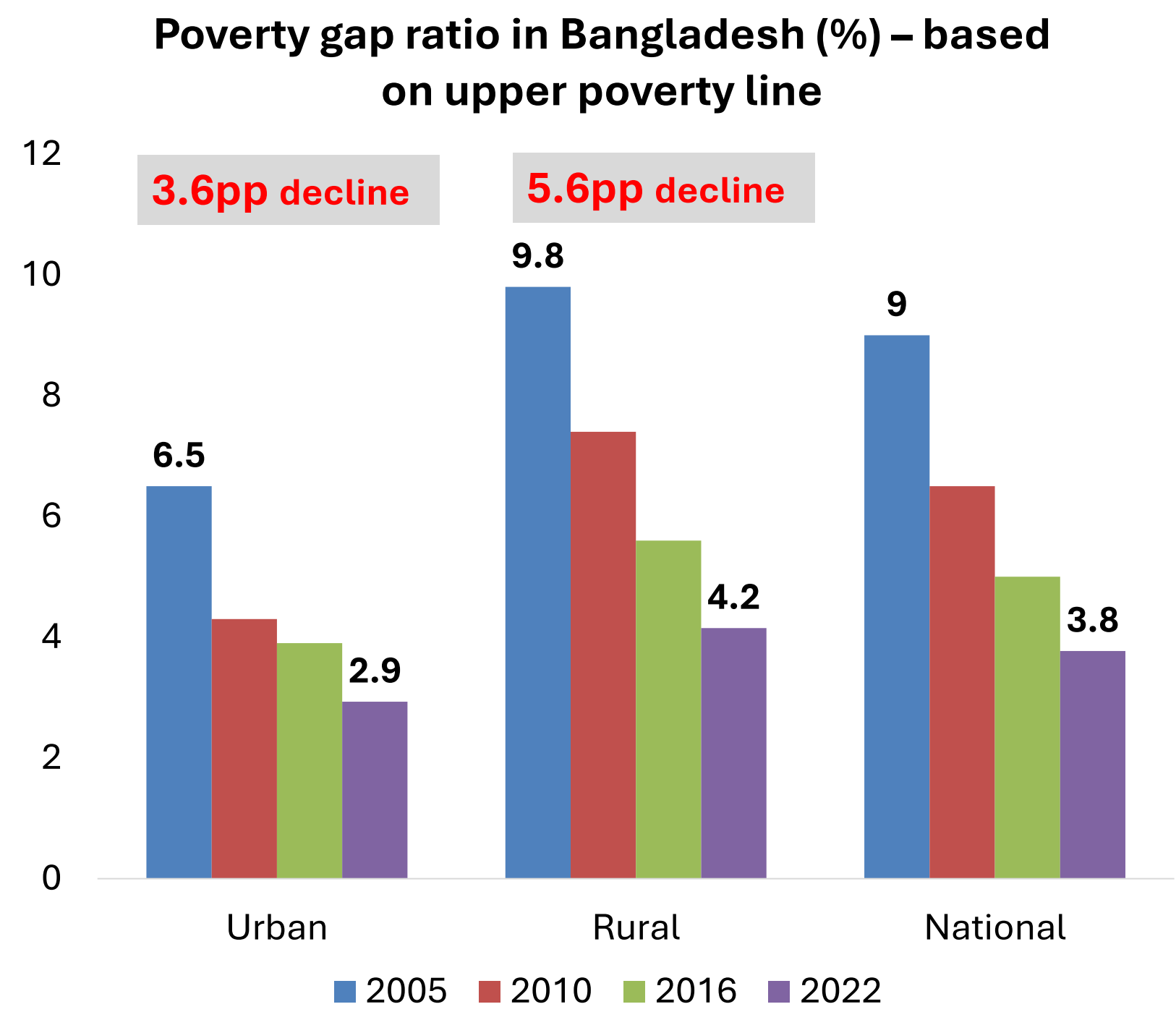
District poverty map (moderate poverty), 2022 (urban and national)



District-level extreme poverty and vulnerability (%)



The depth and severity of poverty decreased more in rural areas, compared to urban areas.



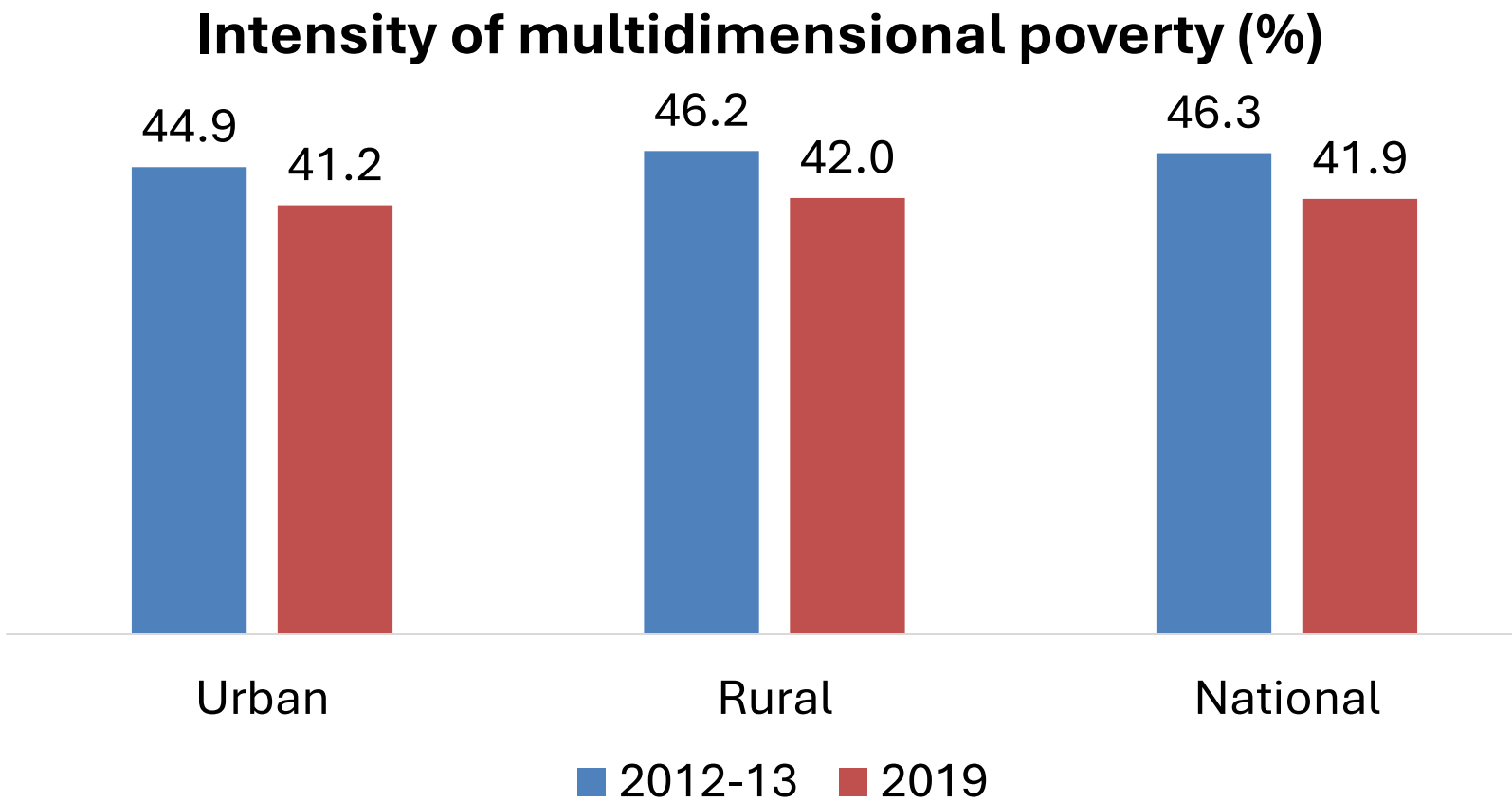
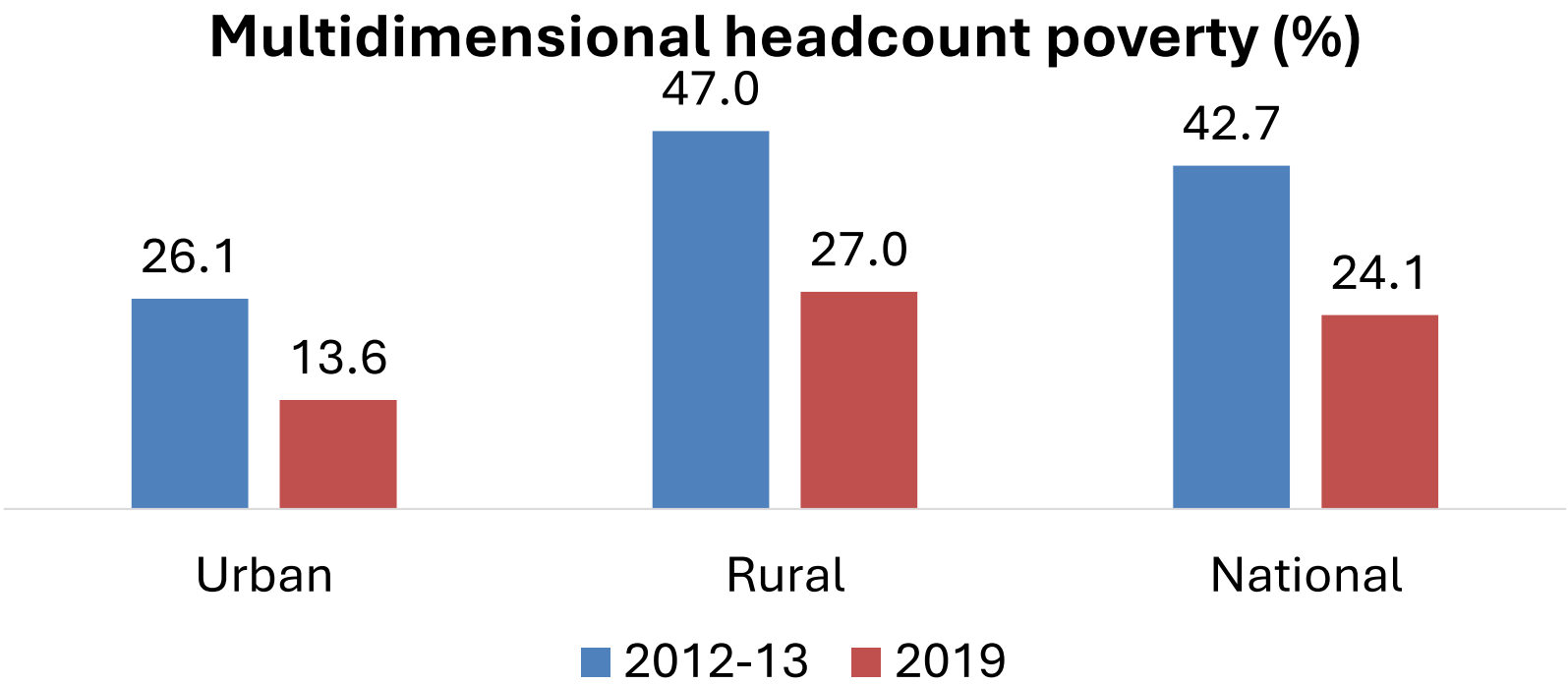
Urban multidimensional headcount poverty rate declined significantly, however, intensity of poverty remains high.

Between 2012-13 and 2019, urban multidimensional headcount poverty **almost halved**.

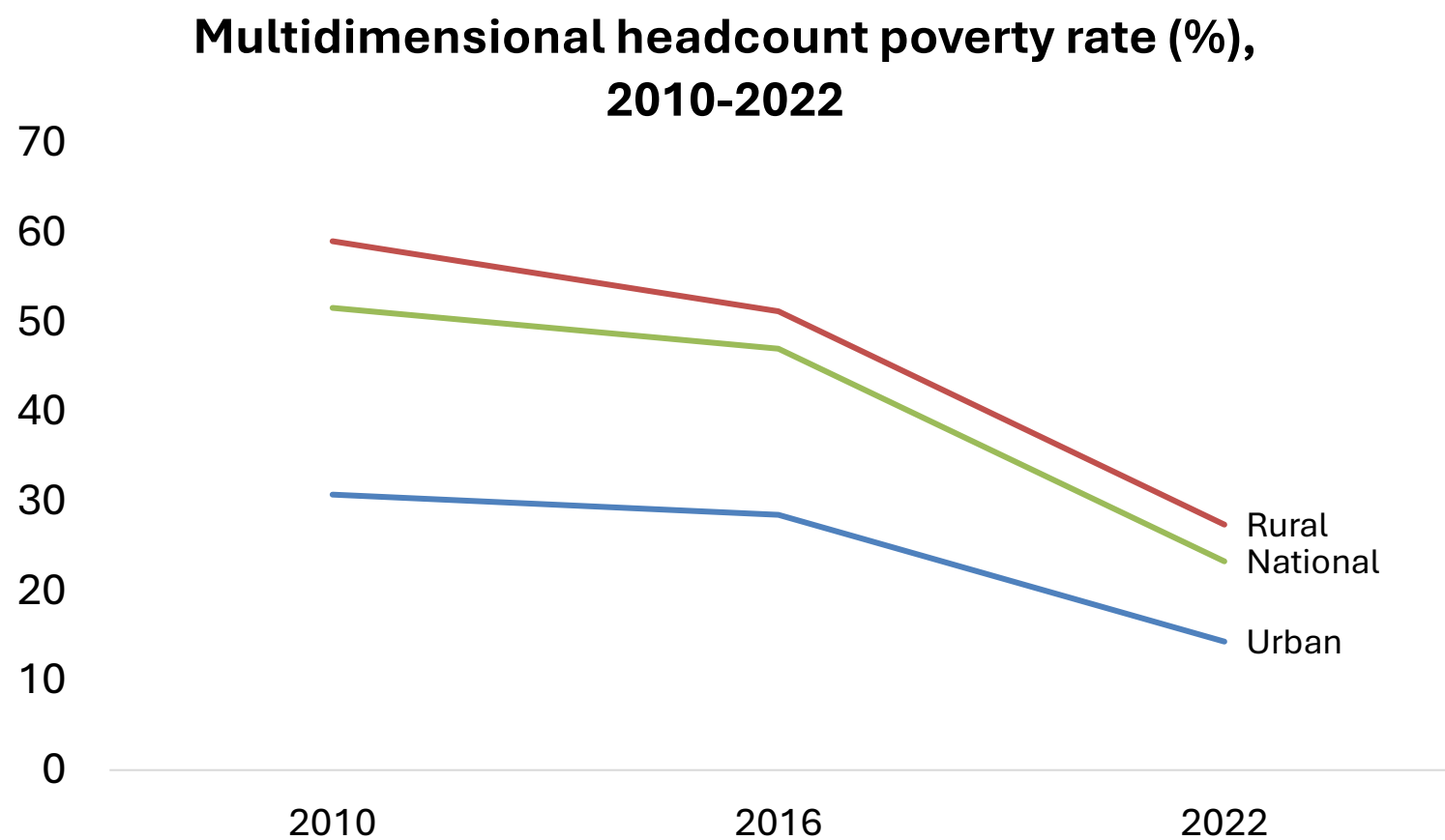
However, intensity of poverty in urban areas **declined at a lower rate** (from 44.9% to 41.2%), compared to rural areas (from 46.5% to 41.9%).

Intensity of poverty - The average proportion of deprivations experienced by poor people, that is, how intense the multidimensional poverty is, on average, for those who are poor.

The intensity of poverty in urban areas implies that each poor person is, on average, deprived in 41.2% of the weighted indicators.



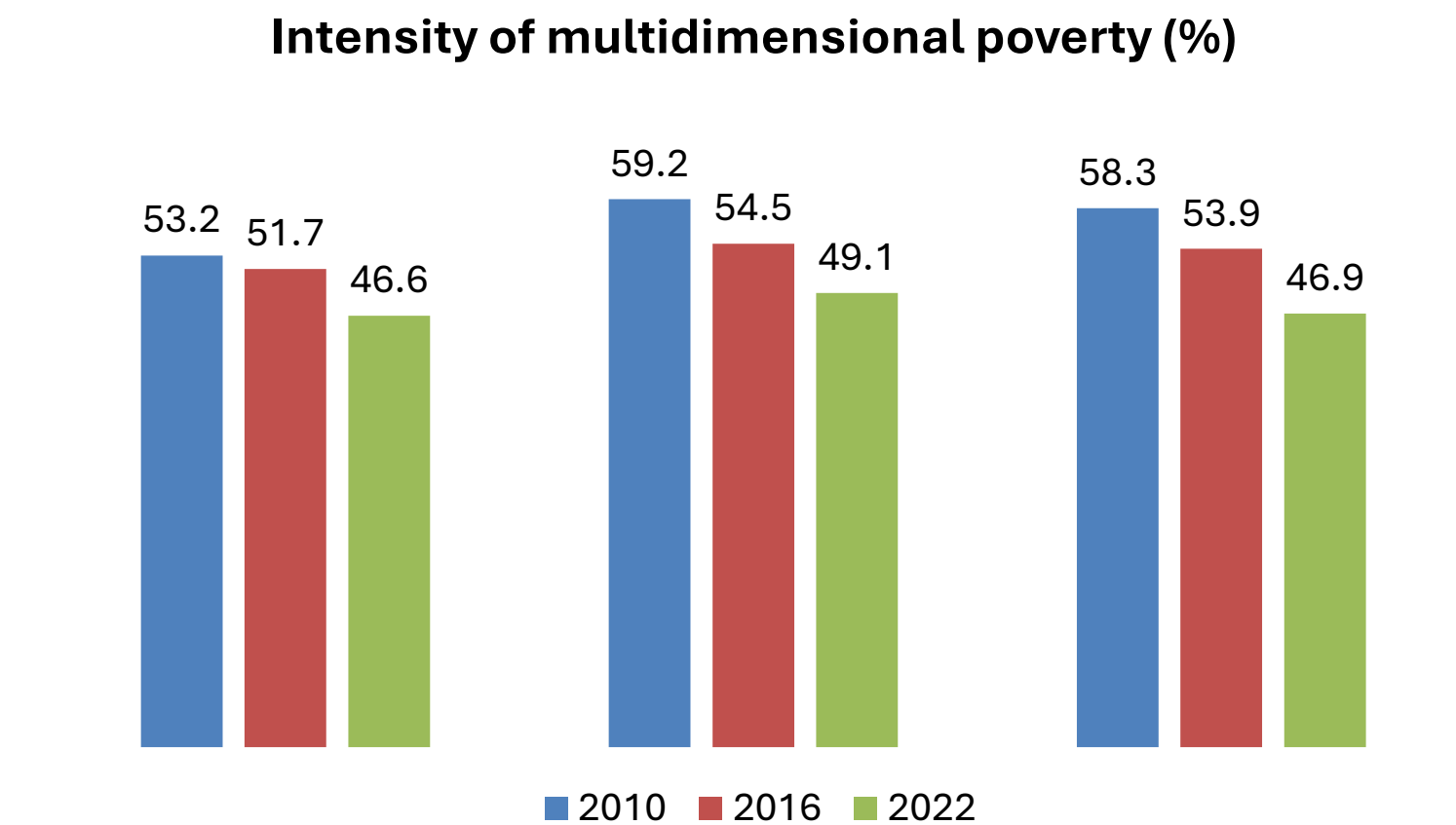
Rural multidimensional headcount poverty reduced more rapidly compared to urban areas.



MPI was estimated based on HIES 2010, 2016, and 2022 data, following the global method and based on 9 indicators.

Multidimensional headcount poverty in urban areas reduced from 30.8% in 2010 to 14.9% in 2022 – a **15.9 percentage points reduction**.

In rural areas, it fell from 59% to 28.3% - a **30.7 percentage points decline**.



Between 2010 and 2022, close to **25 million rural people** were lifted out of multidimensional poverty, compared to just **3 million in urban areas**.

MPI indicators highlight stark rural–urban disparities, with rural households facing higher deprivations across education, health, and living standards.

Education

Indicator	Urban	Rural	National
Years of schooling	4.71	8.88	7.57
School attendance	7.21	6.44	6.68

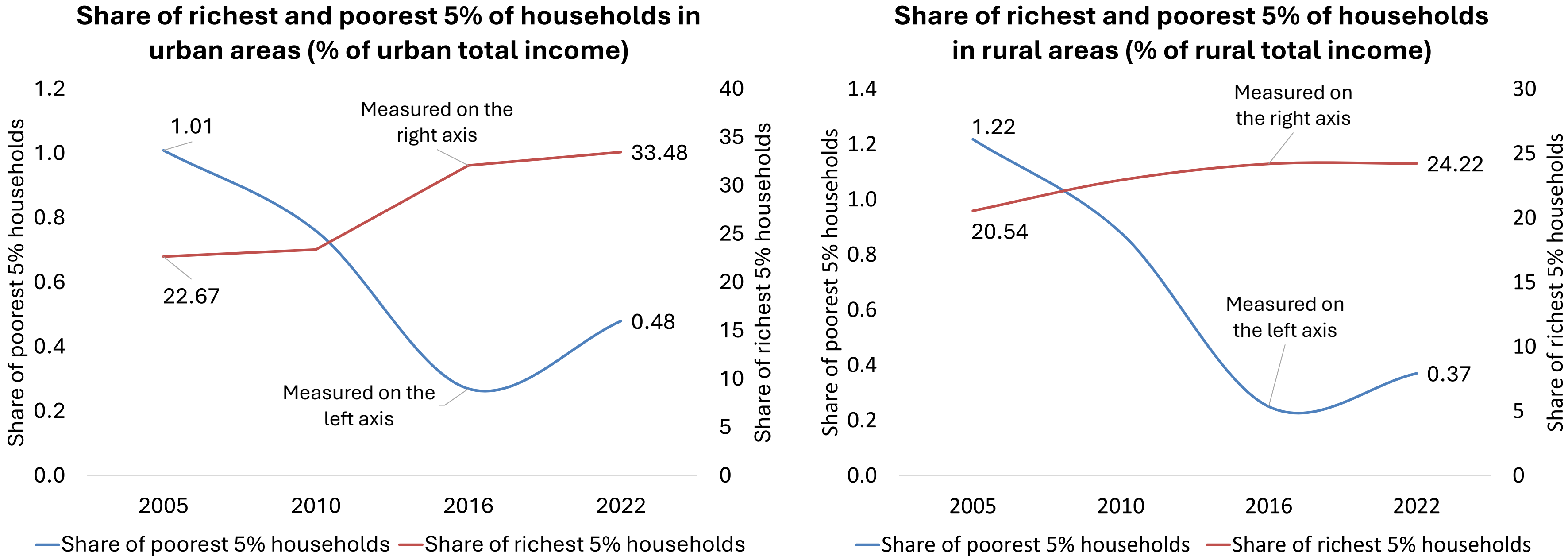
Health

Indicator	Urban	Rural	National
Nutrition	10.3	19.34	16.5

Living Standard

Indicator	Urban	Rural	National
Housing condition	26.14	63.26	51.6
Safe drinking water	60.99	7.62	24.38
Electricity	1.22	3.33	2.67
Cooking fuel	36.26	88.84	72.33
Sanitation	31.5	65.43	54.77
Asset ownership	18	35.76	30.18

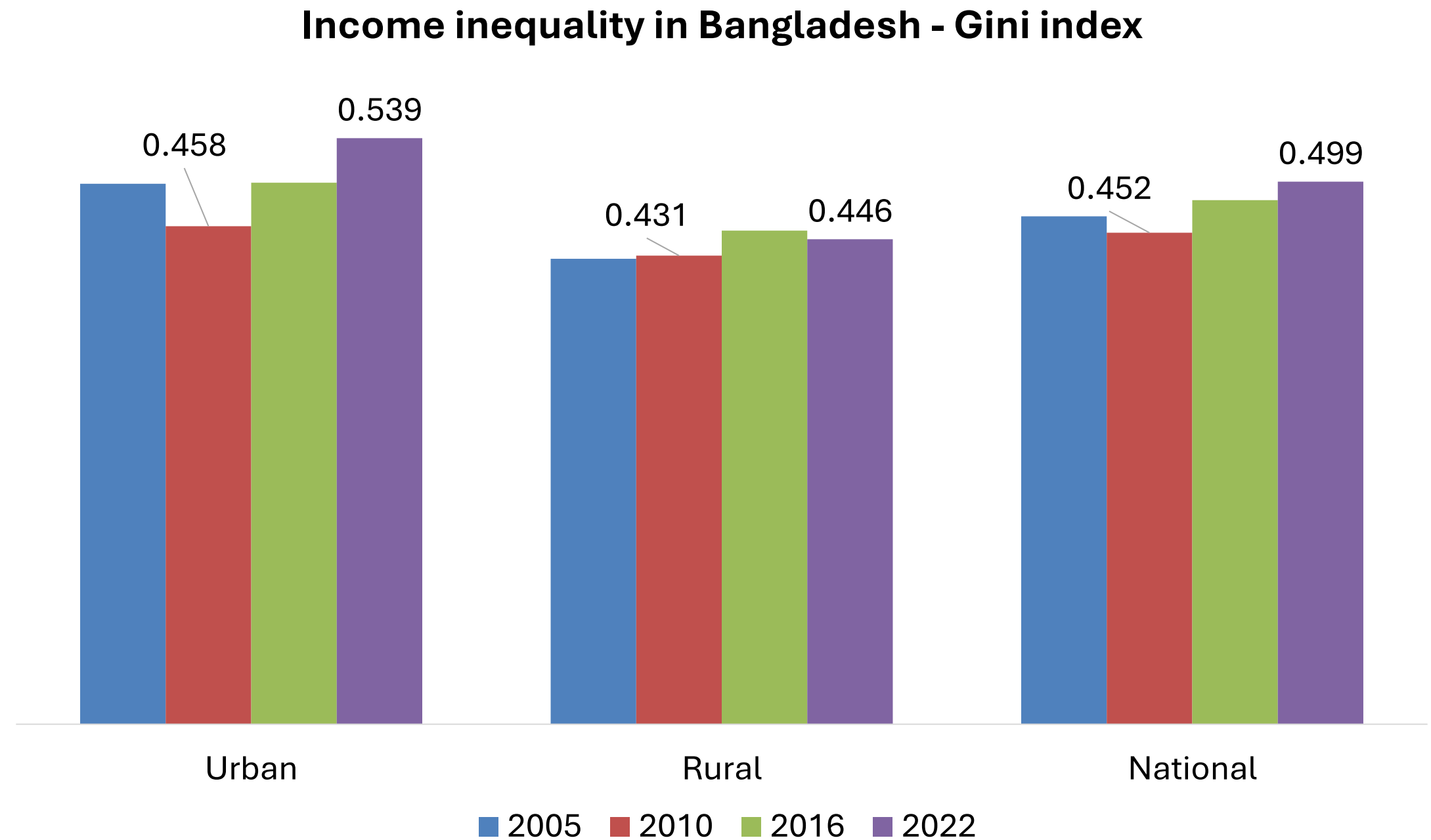
One-third of total income in urban areas is captured by only 5% of households.



- The income share of the richest 5% of households in urban areas increased from 23.4% in 2005 to 33.4% in 2022 (10 percentage points); while the same share for the poorest 5% of households halved.
- Income share of the richest 5% of households in rural areas increased by 3.7 percentage points.

Urban income inequality has intensified and is becoming worse.

- Gini index – the most widely accepted measure of income inequality
- A Gini index of above 0.5 is regarded as a very high inequality
- Gini index in urban areas increased significantly from **0.46 in 2010 to 0.54 in 2022**
- Gini index in rural areas remained almost stable

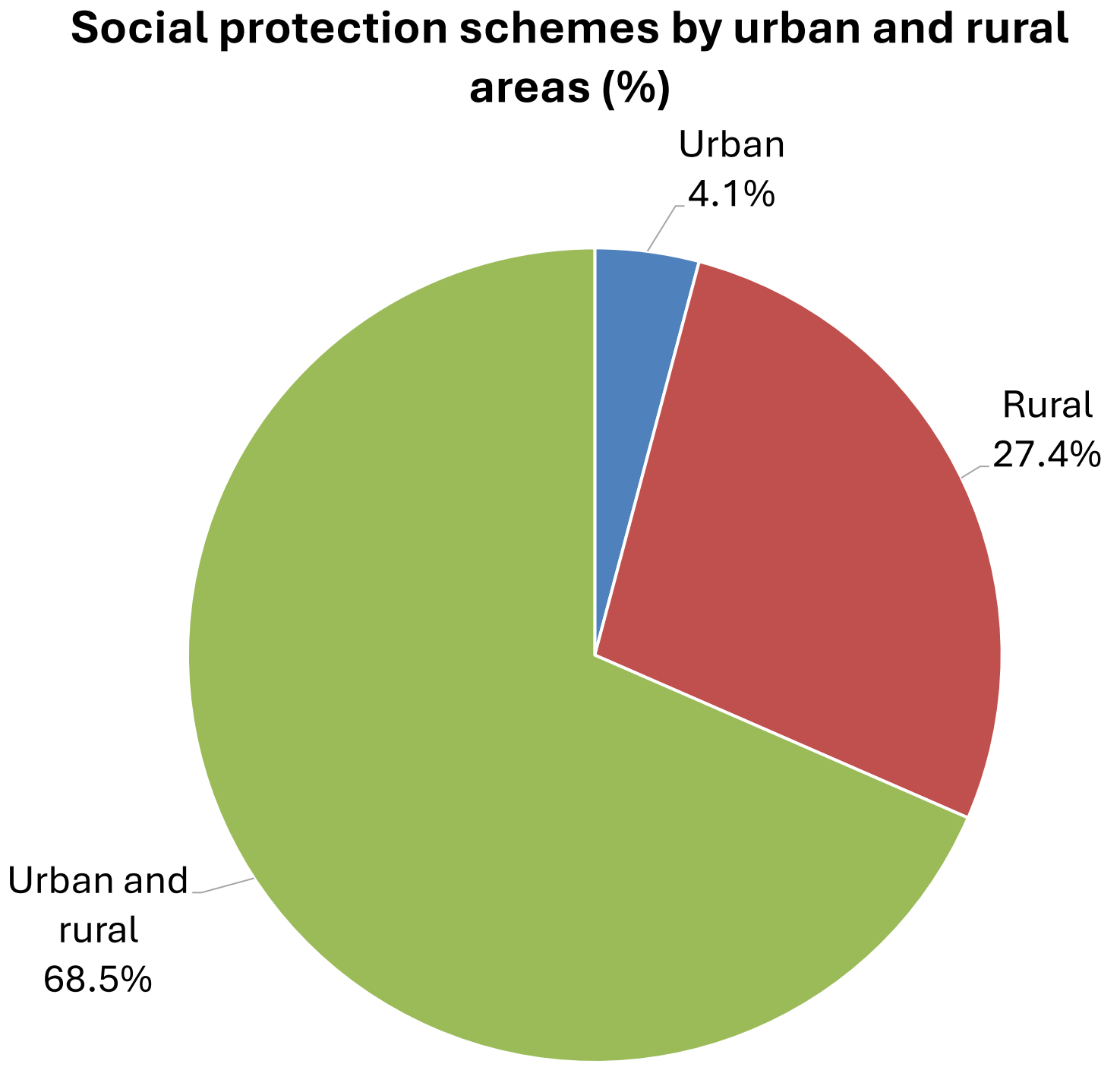


Bangladesh’s existing social protection system remains predominantly focused on rural areas.

In FY25, 23 schemes specifically target the urban poor, accounting for **just 4%** of the total social protection budget.

50 rural-centric programmes received **27%** of the social protection budget.

70 schemes targeting both urban and rural beneficiaries, covering more than two-thirds of the social protection budget.





Major urban-centric social protection programs

	Name of the program	Beneficiaries (million)	Allocation (billion Tk)
1	Open Market Sale (OMS)	10.95	20.04
2	Accelerating and Strengthening Skills for Economic Transformation (ASSET) Project	-	9.50
3	Bangladesh Environmental Sustainability and Transformation (BEST) Project	0.50	7.93
4	Coastal Towns Climate Resilience Project	-	4.50
5	Khurushkul Special Ashrayan Project	0.01	2.20

Name of the program	Beneficiaries (million)	Allocation (billion Tk)
1 Agriculture Subsidy Management	21.3	170.0
2 Food Friendly Program (FFP)	5.0	32.6
3 Relief Operation–General	2.0	23.9
Vulnerable Women Benefit (VWB) 4 Program	1.0	22.0
Development of Rural Infrastructure 5 (Earth work)	1.8	15.1
Employment Generation Program for the 6 Poorest (EGPP)	0.52	15.0
7 VGF Program	18.0	11.8
8 Food for Work (FFW)	1.0	10.2
9 Ashroyan–2 Project	0.015	8.8
Program for Supporting Rural Bridges 10 (Social Security Part)	-	8.0

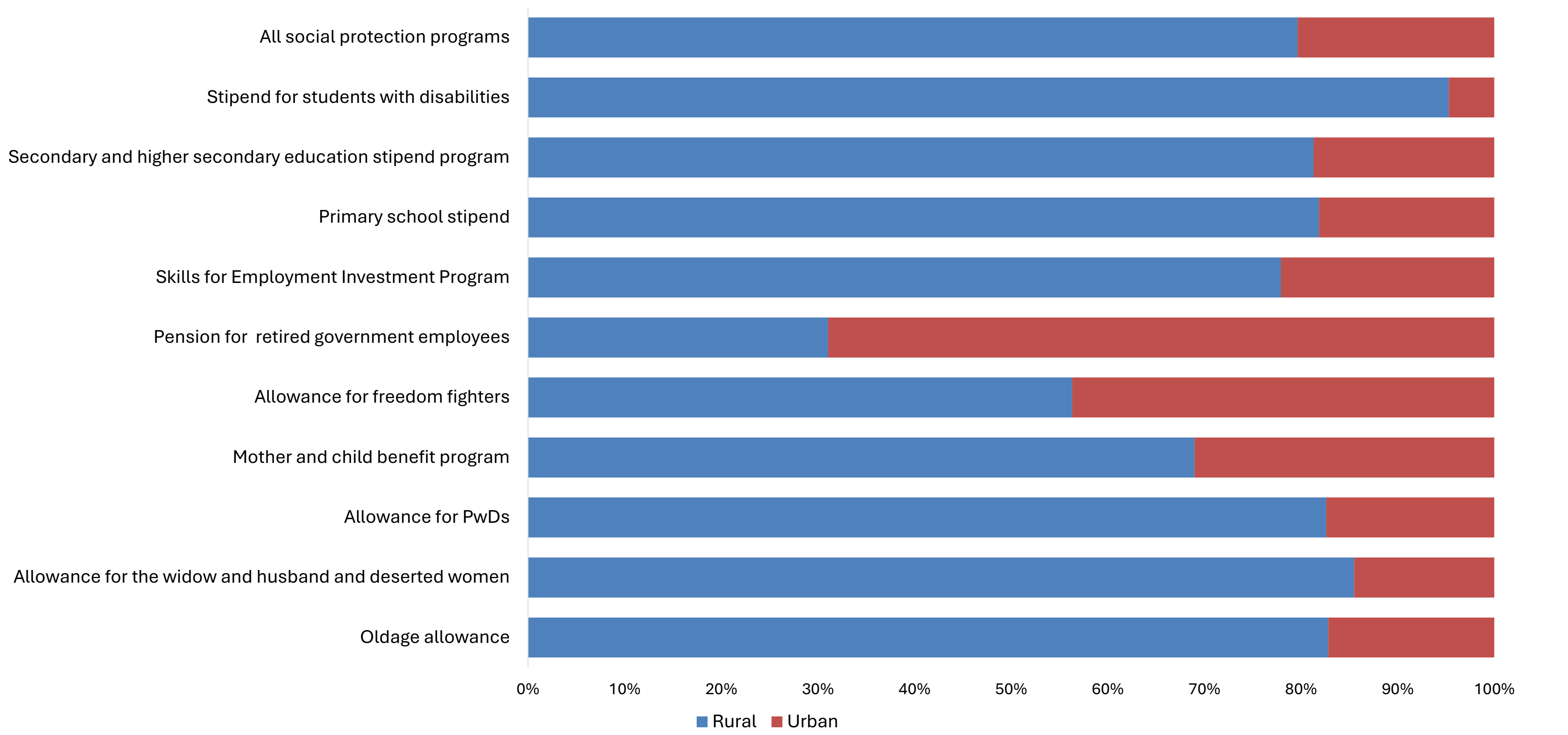
***Major
rural-
centric
SSPs***

***Major social
protection
programs
covering both
urban and rural
population***

	Name of the program	Beneficiaries (million)	Allocation (billion Tk)
1	Pension Management	0.8	365.8
2	Interest on National Savings Schemes	2.4	88.3
3	Fund for Mitigating Impacts of Economic and Natural Disaster	-	80.0
4	Honorarium for Heroic Freedom Fighter	0.20	47.3
5	Old Age Allowance	6.0	43.5
6	Fourth Primary Education Development Program (Stipend Part)	-	38.0
7	Allowance for physically challenged persons	3.2	33.2
8	Food Subsidy	-	28.9
9	Improving Access and Retention Through Harmonized Stipend Program	6.8	26.2
10	Allowance for Widow and Destitute Women	2.8	18.4
11	Stipend for Primary School Students	11.6	17.9
12	Mother and Child Benefit Program (MCBP)	1.7	16.2

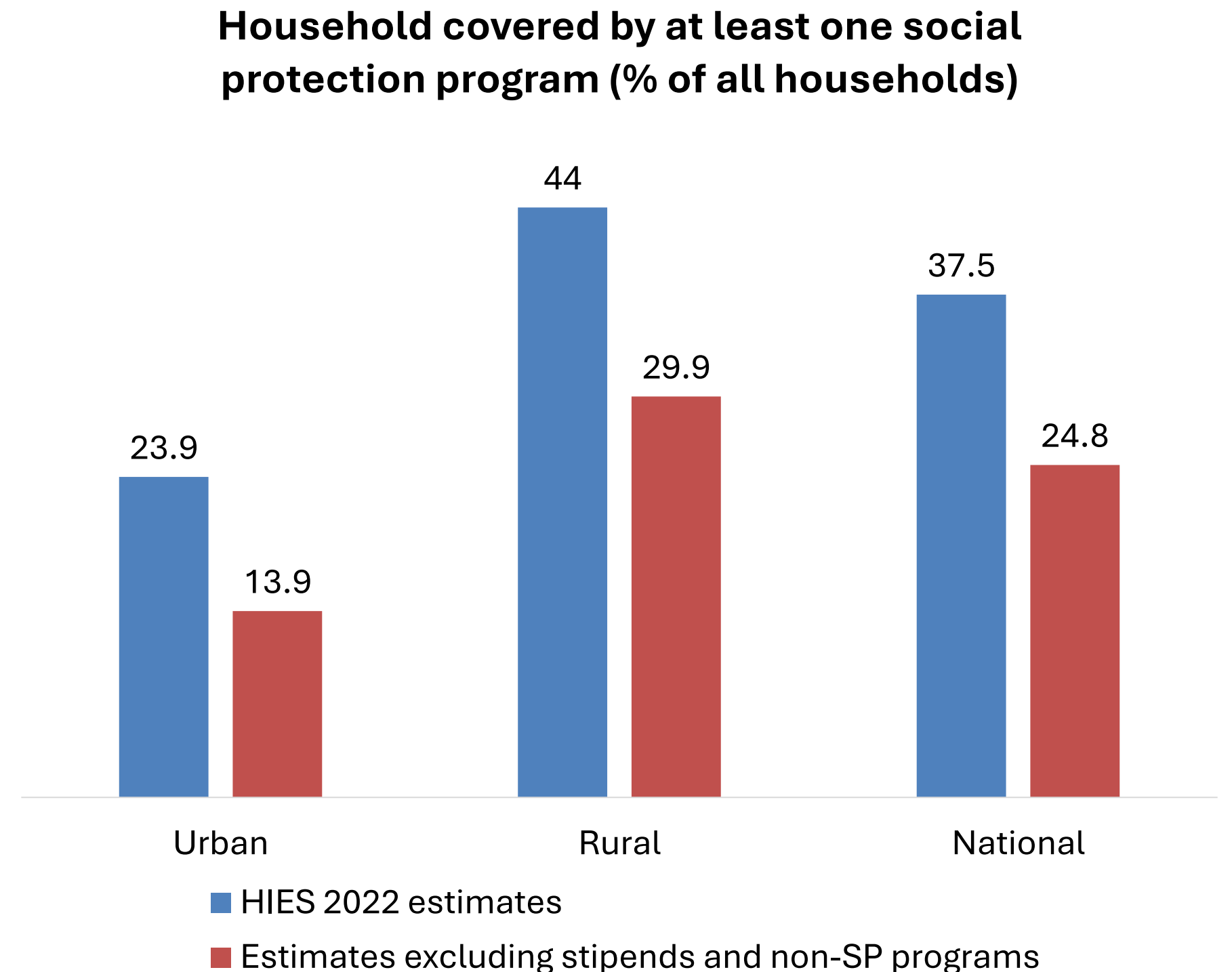
Just about 20% of all social protection beneficiaries are from urban areas.

Urban-rural social protection coverage (% of total), 2022



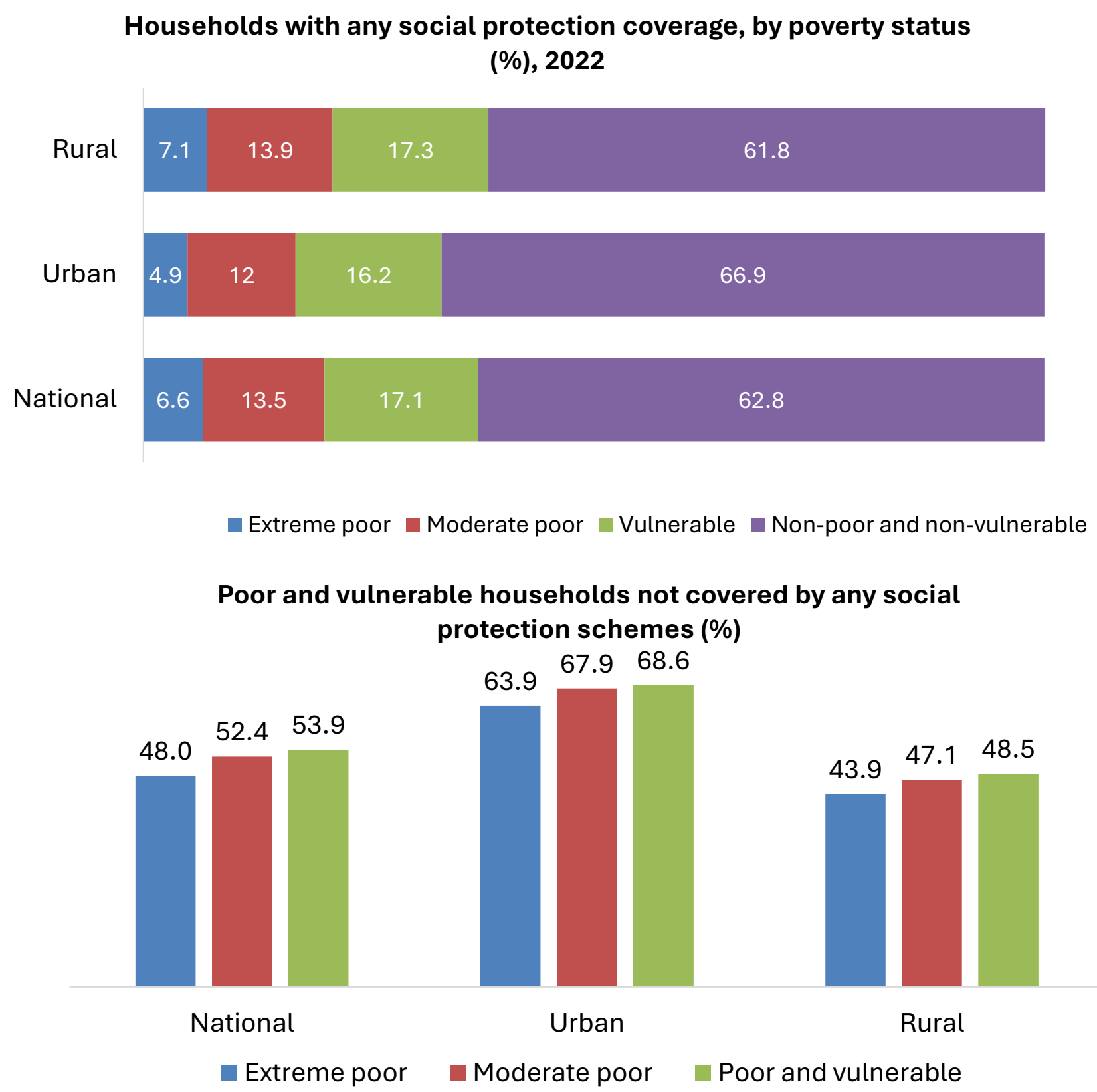
Households covered by at least one social protection program are significantly lower in urban areas compared to rural areas.

- **Around 24%** of urban households are covered by at least one social security programme (SSP) compared to 44% of households in rural areas in 2022 (BBS, 2022).
- Stipend programs have the largest number of beneficiaries but very low benefit level
- If stipend programs and some other programs that do not target poor and vulnerable households (for instance, allowance for freedom fighters, pension for retired government employees etc.) are excluded, **only 14%** of urban households are covered at least one social protection programs, compared to 30% in urban areas



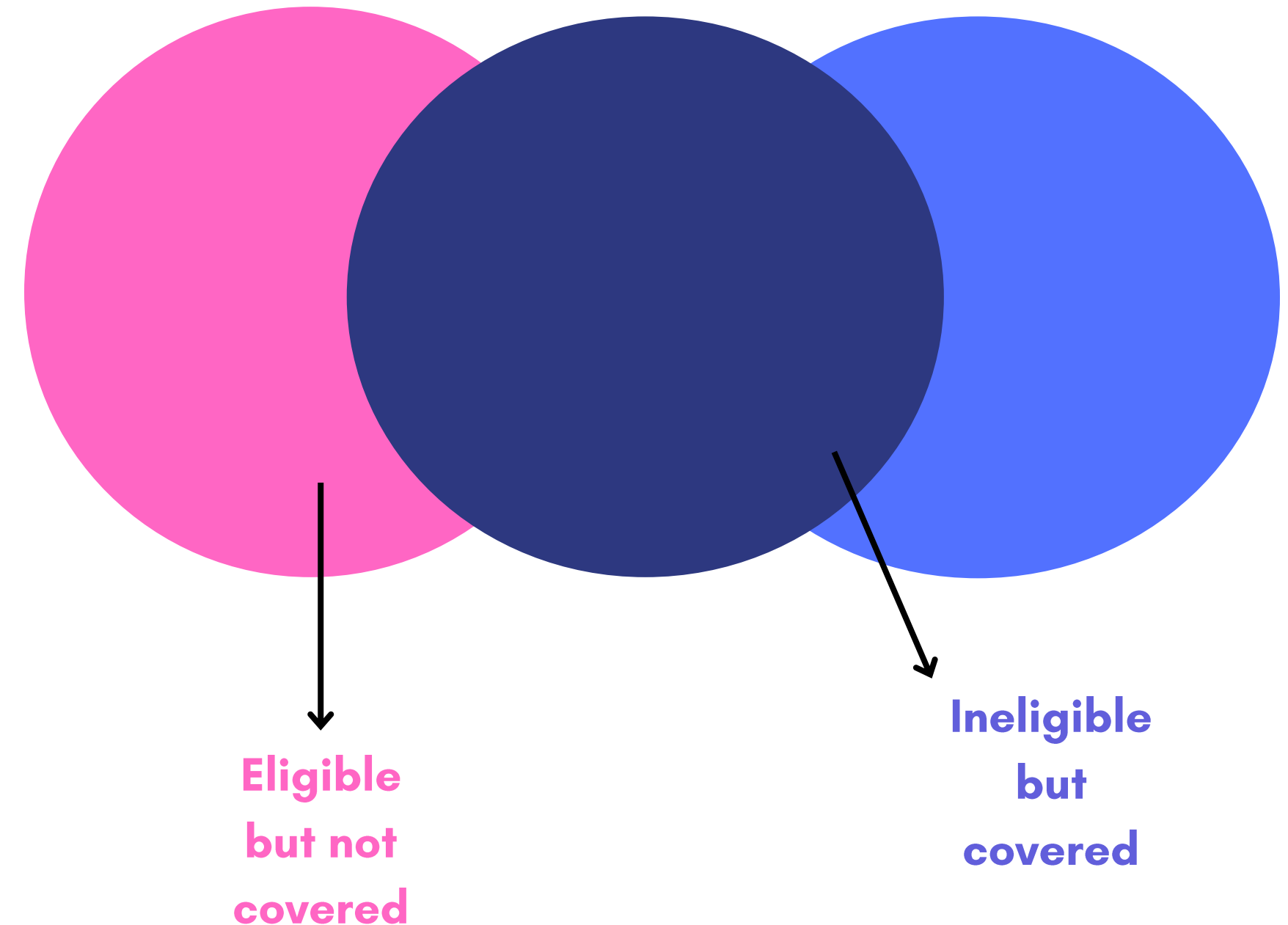
A substantial share of poor and vulnerable households remain entirely excluded from social protection programmes.

- Nationally, nearly half (48%) of extremely poor households do not receive any social protection benefits.
- In urban areas, exclusion is even higher: 63.9% (compared to 43.9% in rural areas).
- Among moderately poor households, more than two-thirds in urban areas receive no support, compared to 47% in rural areas.
- Urban vulnerable households face the highest exclusion rate, with 68.6% receiving no social protection benefits, while the figure is 48.5% for rural vulnerable households.



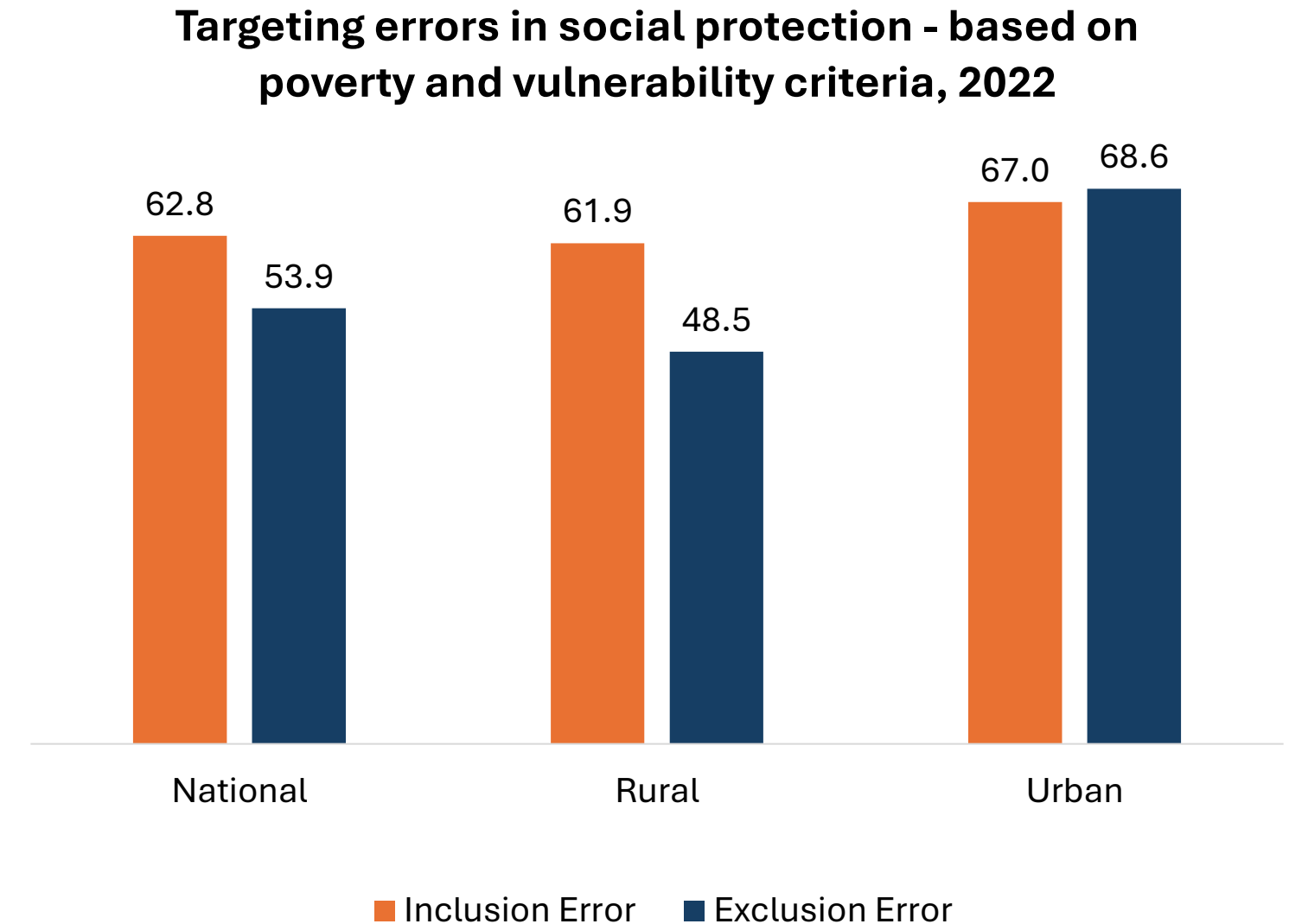
Targeting errors omit the eligible ones, while include the ineligible.

- **Targeting errors** comprise of two components such as exclusion and inclusion errors.
- **Exclusion error** is - the number of eligible people not covered under any particular social protection programs as proportion to the eligible individuals (also, termed as coverage inefficiency).
- **Inclusion error** is – the number of ineligible recipients as proportion to the total program recipients (also, termed as targeting inefficiency).



Targeting errors when considering poverty and vulnerability as eligibility criteria.

- **If poverty and vulnerability are considered as eligibility criteria,**
 - the exclusion error stands at around 69% in urban areas, compared to around 49% in rural areas.
 - The inclusion error is about 67% in urban areas and 62% in rural areas.
- Many programs do not consider poverty and vulnerability as eligibility criteria for accessing social protection programs (e.g. allowance for freedom fighters, pension for retired government employee, school stipend programs, etc.).



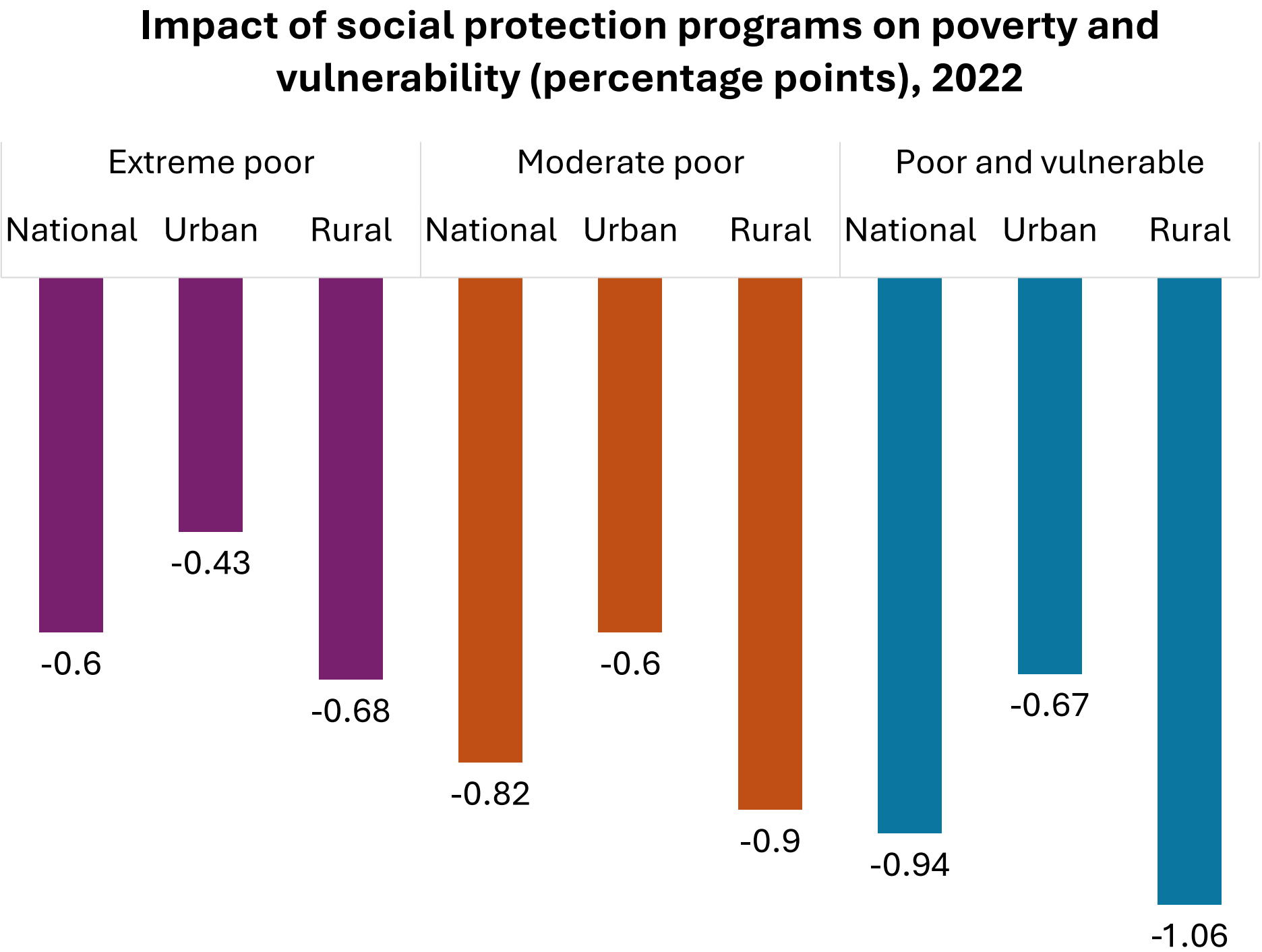
Targeting errors when scheme specific eligibility criteria are considered.

- In urban areas, if all major criteria are considered, exclusion error is 90% in widow allowance, around 98% in mother and child benefit program, 79.5% in primary school stipend and 91% in secondary school stipend program.
- Exclusion errors in urban areas are higher across all major schemes – due to lower coverage
- Inclusion errors in some cases significantly declined when program-specific eligibility criteria are considered
- The higher coverage of social protection programs in rural areas might have contributed to relatively higher inclusion errors in some schemes (e.g. widow allowance program, MCBP).

Programme and eligibility criteria	Exclusion error		Inclusion error	
	Urban	Rural	Urban	Rural
Old age allowance: Minimum age (male 65 years, female 62 years) and annual personal income below Tk. 10,000	34.7	22.7	16.9	16.2
Widow allowance: Widow/deserted by husband/destitute, annual individual income less than Tk. 15,000	90.1	83.7	19.8	27.6
Mother and child benefit programme (MCBP): Age (20-35) and income criteria (up to Tk 8,000 for rural areas; and up to Tk 12,000 for urban areas)	98.8	98.9	62.9	64.8
Disability allowance: Severe disability and annual income of beneficiary (less than 36000)	82.3	73.4	57.5	55.8
Secondary and higher secondary education stipend programme: student belongs to poor and vulnerable family	90.9	85.7	72.1	70.7

Due to lower coverage, poverty impact of social protection is lower in urban areas.

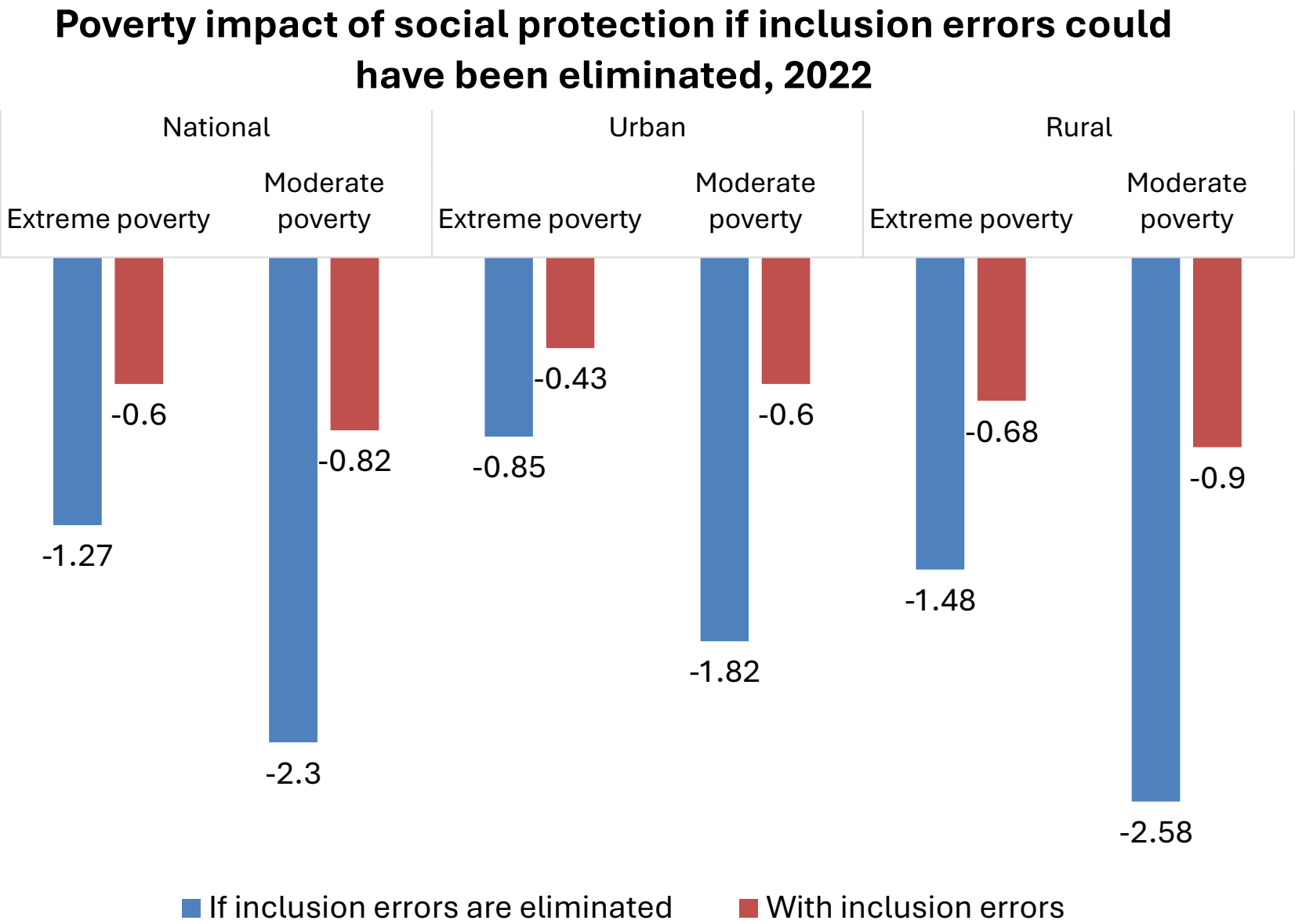
- The poverty impact of social protection is low – due to the lower level of benefits and targeting errors
- Social protection programs contributed to reducing moderate poverty by 0.8 percentage points, and vulnerability by 0.9 percentage points
- Due to lower coverage, the impact is much lower in urban areas – just 0.6 percentage points for moderate poverty and 0.7 percentage points for vulnerability
- In rural areas, the impacts are respectively 0.9 percentage points and 1.1 percentage points for moderate poverty and vulnerability
- The existing SPPs contributed to lifting 0.25 million urban residents out of extreme poverty and 0.32 million out of moderate poverty
- It enabled 0.8 billion rural population lifting out of extreme poverty and 1 million out of moderate poverty



Source: Author’s estimation using data from HIES 2022.

Social protection would have much higher impact on poverty reduction if inclusion errors could have been eliminated and the saved resources could be used for eligible beneficiaries.

- A simulation exercise to understand the potential impact of social protection if inclusion errors are eliminated
 - The poverty impact of social protection schemes would be more that double



Source: Authors' simulation using data from HIES 2022.

**Additional resources
required if social protection
are expanded in urban areas
to have equal coverage in
urban and rural areas**


Programme	Urban rural coverage gap (percentage points)	Total eligible in urban areas (lakh)	Benefit amount	Additional beneficiaries to include for equal coverage	Amount required (Crore Tk)
Old Age Allowance (all elderly people)	12.7	28.7	600 Tk/month	3.6	261.6
Widow Allowance	8.0	19.7	550 Tk/month	1.6	104.0
Secondary and Higher Secondary Education Stipend	8.6	22.3	300 Tk/month (approximately from HIES)	1.9	69.2
Mother and Child Benefit Programme	4.3	27.5	800 Tk/month	1.2	113.7
Allowance of PwDs	7.1	21.6	850 Tk/month Tk/month	1.5	156.2
Total					704.7

Additional resources required for universal coverage of life-cycle schemes in both urban and rural areas

Programme	Additional beneficiaries to be included		Benefit amount per person	Amount required (Crore Tk)		
	Urban	Rural		Urban	Rural	Total
Old Age Allowance (all elderly people)	18.4	37.7	600 Tk/month	1763.2	3618.4	5381.6
Widow Allowance	15.7	32.4	550 Tk/month	1505.4	3112.6	4618.0
Secondary and Higher Secondary Education Stipend	14.6	18.1	300 Tk/month (approximately from HIES)	1402.5	1734.7	3137.2
Mother and Child Benefit Programme	22.4	53.8	800 Tk/month	2150.9	5163.5	7314.4
Allowance of PwDs	16.0	34.0	850 Tk/month Tk/month	1537.0	3266.5	4803.5
Total				8359.0	16895.7	25254.7

Policy recommendations

Life-cycle-based Social Protection

 Expand and scale up major lifecycle programs:

 **MCBP** - Mother and Child Benefit Programme

 **Old Age Allowance** & **Disability Allowance**

 **Widow & Destitute Women Allowance**

 **Stipend programs**

Financial Implications

Matching rural coverage: **Tk 705 crore** (0.01% of GDP)


Universal coverage: **Tk 25,255 crore** (0.5% of GDP)

Food-based Social Protection


18.4%

Urban population experiencing moderate to severe food insecurity

 Higher than urban poverty rate

 Expand existing urban food programs such as:

 **OMS**

 **TCB Truck Sales**


 Introduce rural programs in urban areas:

 **VGD**

 **VGF**

Policy recommendations

Expanding Rural Workfare Programs

 **Purpose:** Temporary employment during lean seasons, protection against job losses

 **Current rural programs:**

 EGPP


 FFW


 WFM

 TR


 **Urban adaptation:**


 Introduce with appropriate modifications

 Focus on urban infrastructure development

 Target urban poor and informal workers


Social Insurance for Urban Workers


 **National Social Insurance Scheme (NSIS)**
recommended by NSSS

 Coverage: Unemployment, Maternity, Sickness, Injury


Employers
contributions


+



Employees
contributions

 **Employment Injury Scheme (EIS)** being piloted in the RMG sector

 **Implementation steps:**

 Employment database

 Awareness campaigns


 Capacity building

 Legal framework

Policy recommendations

Implementing Urban Social Protection Strategy

 Developed by **Cabinet Division** and **GED**

 Strategic guideline for **urban poor & vulnerable**

 **Three Key Dimensions:**



Rural to Urban

Expand rural schemes to urban areas



Social Insurance

Introduce insurance mechanisms



Slum Programs

Target urban poor in slums



Critical to implement on a **timely manner**

Minimising Targeting Errors



Exclusion Errors

Fund constraints as major reason



Inclusion Errors

Inappropriate selection or malpractices



Solutions:



Awareness campaigns



Transparent meetings



Training for local reps



Supervision & accountability



Thank You!