



# Socio-economic Impact of Covid-19 in Bangladesh

*Experience and perspectives of NGOs*

**KAM Morshed,**  
**Senior Director, BRAC**  
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# Key Challenge

- The pandemic posed an economic, social and policy challenge
- While I will list some of the key economic and social challenges shortly, let me quickly highlight the policy challenges
  - This catastrophes was unique—generally natural disasters or similar natural calamities impact the rural agricultural sector and are localised---COVID-19 challenge for Bangladesh presented a completely opposite policy landscape.

# Economic effects

- GDP growth rate (5.2%); one of the **lowest GDP growth rate** in three decades
- Reverse poverty reduction trend: **Poverty rate increased by 7%** (Bangladesh Development Update, April 2021, World Bank)
- Effect on job security: **Loss of jobs** due to lockdown and global economic crisis
  - 34% households had at least one member who lost job (BRAC, December 2020)
  - One in five economically active individuals had experienced either a job loss (5.0 per cent) or a prolonged absence from work (14%) since the onset of the Covid-19 crisis (BDU, WB)
  - Five times higher than men in March 2021 (PPRC and BIGD, 2021) – re-entry challenge is higher for women due to economic and non-economic factors

# Economic effects

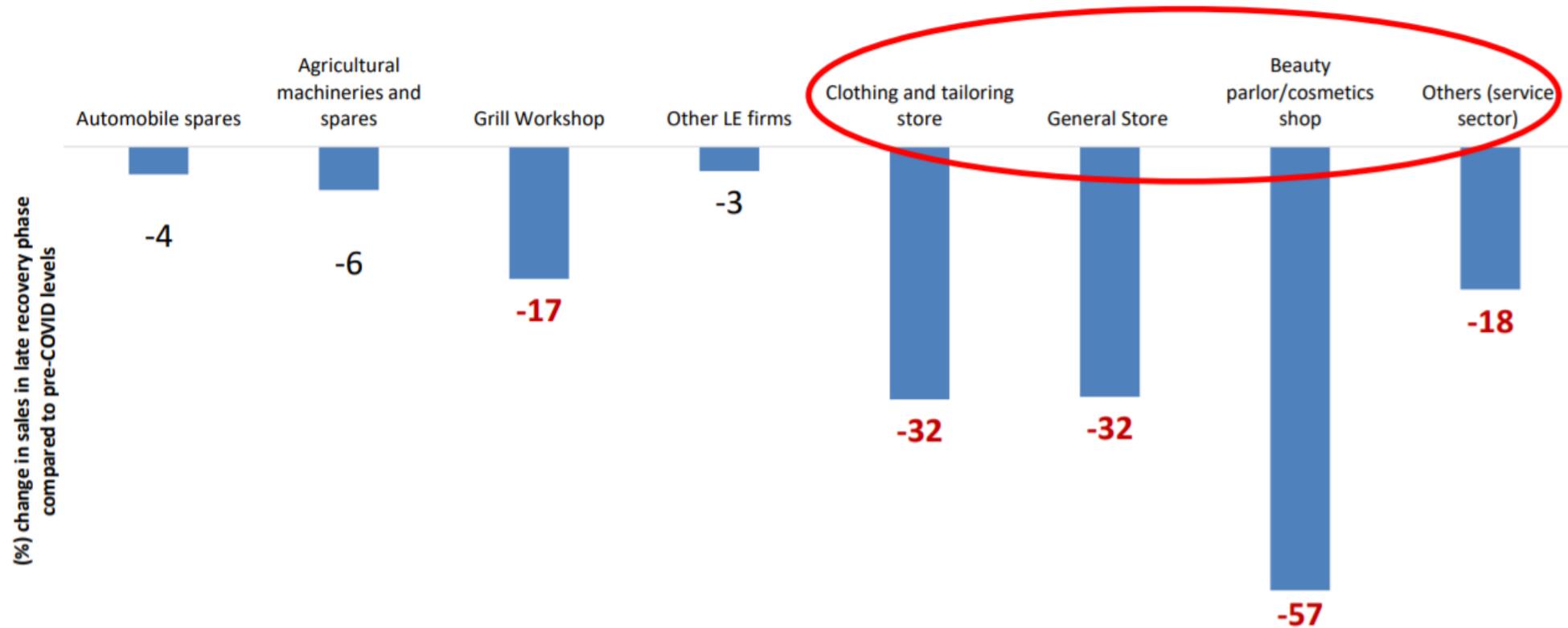
- Mean percentage decrease in remittances received is **57.5%**
- New poor:
  - National estimate of **‘new poor’ stands in March 2021 at 14.75%** (24.5 million population) (PPRC and BIGD, 2021)
  - ‘New poor’ more prevalent in urban areas (59% of the urban pre-COVID vulnerable non-poor have fallen below poverty line, 44% in rural)
- Low external support to survive and recover from the crisis
  - Only **19% households received external support** (BRAC, December 2020)
  - Slow disbursement of stimulus packages

# Economic effects

- Vulnerable informal sector workers
  - **Income of informal sector workers reduced by 61%**; 50% of workers borrowed money to survive (BRAC, October 2020)
  - Decrease in income: Household **income decreased by 29%** compared to before pandemic level (BRAC, December 2020)
  - Household **expenditure decreased by 8.63%** (BRAC, December 2020)
  - Household **debt increased by 31%**; higher in urban areas (47% vs 22%) (BRAC, December 2020)

# Economic Recovery

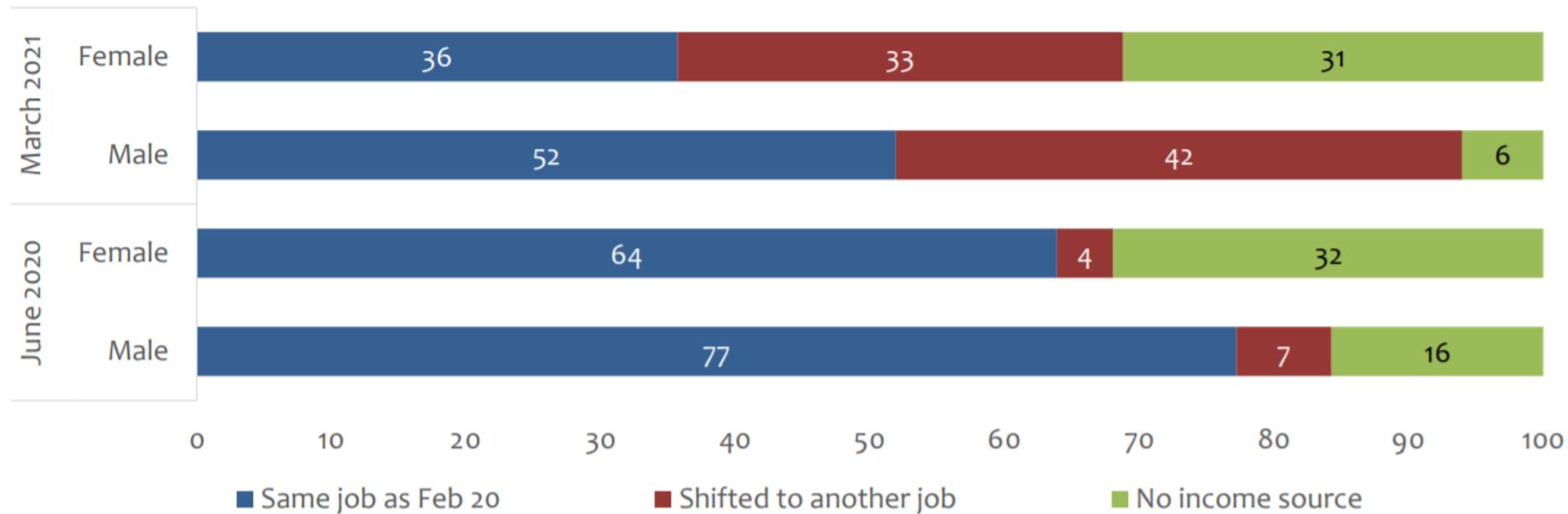
- Agricultural recovery was quick, service sector lagged



# Economic Recovery

- Sticky unemployment rate for women, 5 times higher than men in March
- Re-entry challenges for women due to economic and non-economic factors

% with same job as Feb 20, shifted to another job, and no income source  
(of those employed in Feb 2020)



# Social effects

- “Lost generation”: Bangladesh running a risk of “lost generation” due to loss of learning and low employment generation/job creation
  - Loss of learning and human capital due to closure of educational institutions for over a year, auto pass in public exams, lack of internet access, lack of practical classes in science subjects etc.
  - According to the joint study conducted by ILO and ADB, the country’s youth unemployment rate could rise two-fold to 24.8% in 2020

# Social effects

- Incidences of child marriage increased to 77%; Higher in rural areas (**81%** vs. 70%) (BRAC, December 2020)
  - Dire implications for female student dropout, child and maternal health, VAW, women's economic empowerment, and population growth in near future
- Psycho-social pressure: Mainly on the returnee migrants, people who lost jobs and income opportunities, youth failing to enter into job market; female students dropping out from education and having victims of child marriage – long term poverty trap and inequality

# Interesting Trends

- Emerging threat: Mental Health Youth and children are facing mental stress because of unemployment and learning loss. Youths' mental stress reported by themselves (52%) is higher than the guardian (12%). Mainstream mental health in development.
- Emerging opportunity: Digital Inclusion There is scope of leveraging digital opportunities for CMSEs and women's businesses

# Policy Messages

Urgent need for urban social protection innovations

Policy support for female headed households, migrants, and youth

Revitalise the informal sector and CMSMEs

Address economic and non-economic barriers to women's labour force participation

Focus on learning loss



Thank You