COVID-19 and Employment Related Adjustments

FINDINGS FROM HOUSEHOLD SURVEY IN BANGLADESH

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Published in June 2021 by
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This publication was prepared under the project titled 'Enhancing the participation of CBOs and CSOs in democratic governance in Bangladesh', which is being implemented by Oxfam in Bangladesh and CPD, and funded by the European Union.

Cover art, illustration and printed at
3R Media N Communications
Dhanmondi, Dhaka, Bangladesh

Foreword

Labour market in Bangladesh bore one of the extreme burnts of the COVID-19 pandemic. Disruption on the domestic supply chain in the one hand and fall in external demand on the other manifested in a significant increase in open unemployment and pervasive underemployment. The depressed labour market situation has also affected the traditionally "left behind" people more severely, particularly those in the informal sector-ranging from micro-small-cottage industries to diverse service-related activities. In fact, women in Bangladesh were more affected by this pandemic-induced unemployment. There had been also reverse migration from urban to rural areas. At the same time, the returnee migrant workers emerged as a group who have been "pushed behind" in Bangladesh's labour market during the pandemic.

Between the first and second wave of the pandemic in the country, some recovery has been observed in the job markets of the country. However, these trends in recovery were underpinned by lower wages, increased underemployment and relocation in lower skill categories. The affected people in the labour market enjoyed limited support from the public policy interventions as these had been essentially bank loan-driven stimulus packages. The share of much needed fiscal assistance and food support had been marginal.

The value of the present publication needs to be appreciated in the above context. The publication reports the findings from a face-to-face survey recording the employment related adjustments that took place at the household level in Bangladesh during the pandemic. The empirical findings of the survey were strengthened through focus group discussions (FGDs) with the stakeholders. The results were validated through national level discussions with policymakers and policy activists.

The evidence put forward by the present study clearly indicates that, because of the adverse developments in the labour market, both headcount poverty rate and income inequality are going to rise in Bangladesh during the pandemic. The policy outlook put forward by the authors of the study deserves proper attention on the part of the public officials, private entrepreneurs and non-government development organisations as they engage in designing an inclusive post-COVID recovery programme.

For producing this scholarly and timely output, I complement the research team led by Professor Mustafizur Rahman as well as thank all other CPD colleagues who were involved in this endeavour.

Dhaka
June 2021

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Preface

A shock of such severity and magnitude as the COVID-19 pandemic tends to leave many a footprints in its devastating trails. The economy of Bangladesh has not been an exception in this regard. The adverse impacts of the pandemic had tangible manifestations in various forms including health risks, loss of employment opportunities and income erosion. Following the first detection of COVID case back in March 2020, and in the backdrop of the upward trends in the number of infections and deaths in recent times, Bangladesh has experienced frequent work stoppages which consequently led to a slowdown of economic activities. The result was increasing poverty, loss of employment opportunities and falling income for a large number of people, not to mention the health situation related emergencies that many households had to face. The adverse impacts of the pandemic on lives and livelihoods will no doubt make the daunting task of attaining the Sustainable Development Goals (SDGs) even more challenging. The aspiration to achieve decent employment for all in the labour market (as is conceptualised in SDG 8) has emerged as a critical concern in view of the ongoing pandemic. Achievement of a number of other goals, particularly elimination of poverty (SDG 1), zero hunger (SDG 2) and reduction of inequality (SDG 10), are under threat, not to speak of the accentuating health related risks (SDG 3).

In view of the above, how households and individuals are coping with the emergent situation, what adjustment mechanisms they are pursuing and how effective are the public policies in terms of supporting the marginalised people remain critical points of interest in the Bangladesh context. As the country grapples with the attendant challenges, insights as regards the involved processes and effectiveness of concerned policies have assumed heightened importance. In this backdrop, the present study has made an attempt to assess the adjustment processes from the vantage point of particularly employment as impacted by the COVID-19 pandemic. The central idea is to examine in detail the adjustment processes and mechanisms deployed at the levels of households and individuals, i.e., the supply side of the labour market rather than the demand side of the equation. This is a departure from the available literature which tends to focus more on how the COVID-19-induced shocks have impacted at macro and household levels. Examining the adjustment process from the employment angle is also a departure from similar studies in Bangladesh which have tended to take a consumption-centric approach in assessing COVID impacts.

In order to elicit necessary information and evidence, a nationally representative household survey was conducted as part of the study. The survey covered 16 districts across all the eight divisions in Bangladesh. The districts covered by the survey are Dinajpur, Rangpur, Rajshahi, Sirajganj, Jamalpur,

Mymensingh, Gazipur, Dhaka, Sunamganj, Sylhet, Satkhira, Khulna, Pirojpur, Barishal, Feni, and Chattogram. The household survey was complemented by a number of focus group discussions (FGDs) to draw additional insights and information. Information was collected on a wide range of issues including respondents' education, training, occupation, work status, income, expenditure, perception as regards the impact of the pandemic, and adjustment processes concerning employment, among others. Data generated through the survey was disaggregated by location, age, gender, and other dimensions. Fieldwork for the survey was conducted between late January and early February 2021. In designing the survey questionnaire and the sampling framework, necessary insights were drawn from successive labour force surveys (LFSs) conducted by the Bangladesh Bureau of Statistics (BBS).

The findings of the study reveal a number of important developments in the labour market regarding the labour force and the adjustments that are being made at individual and household levels. These, in turn, have important implications both for policy changes and policymaking in view of the pandemic. It was found that there has been a significant decline in average monthly income and in the form of loss of working hours. A rise in distress-employment is manifested in the increasing share of self-employed, contributing family workers, and day labourers and a reverse migration from the services to the agriculture sector. These have resulted in rising inequality with falling shares of income of lower-income groups in total income. The cumulative result was a significant rise in poverty with large number of poors joining those already living in poverty. Since many households had to reduce expenditure on food, education and health, progress in terms of a number of other socio-economic indicators of development is also expected to come under increasing threat. Dissaving and rising debt at the household level was likely to slow down the recovery from the pandemic.

The findings of the study constitute a powerful body of compelling information that not only dispel any complacency as regards recovery, but also underscores the need for better preparedness for addressing the challenges particularly also in view of any likely future waves of the COVID-19 in Bangladesh. It is hoped that the in-depth investigation into the employment adjustment processes will enable the policymakers to have an informed understanding about the realities on the ground and provide insights as regards the needed policies to be pursued to help the vulnerable and the at risk marginalised participants in the labour force to better adjust and cope, and to adequately deal with, the covid-induced emergent situation.

To put the study in context, it was conducted as part of the project titled 'Enhancing the Participation of community-based organisations (CBOs) and civil society organisations (CSOs) in Democratic Governance in Bangladesh'. The project is being implemented jointly by Oxfam in Bangladesh and the Centre for Policy Dialogue (CPD), supported by the European Union. The central objective of this multi-year project is to empower vulnerable individuals and communities through voice, knowledge and informed discourse. The idea is to do this by making available data, information and analysis which would help strengthen their voice in the design and execution of various public policies in the context of attaining the SDGs in Bangladesh. The overarching objective of the project as well as of the present study is to contribute towards implementation of SDGs in Bangladesh that leaves no one behind.

Acknowledgements

The authors would like to register sincere appreciation to several individuals and institutions who have extended valuable support towards successful execution of all planned activities envisaged as part of the study.

The team members would like to put on record their sincere thanks to Dr Debapriya Bhattacharya, Distinguished Fellow, CPD, for his valuable advice in all project-related activities and for his insightful suggestions at various stages of this study. His inputs have helped the study team in formulating research questions and in strengthening the analytical rigour of the research.

The authors would like to acknowledge the support received from several concerned government agencies which have helped by sharing relevant documents and data. The information they had provided served as highly useful background materials for this study. In this connection, the support of Bangladesh Bureau of Statistics (BBS), General Economics Division (GED), Bangladesh Bank and Ministry of Finance (MoF) merit particular mention.

Dr Muhammed Muqtada, Former Director of Policy Planning in the Employment Sector, International Labour Organisation (ILO), and Dr Rizwanul Islam, Former Special Advisor on Growth, Employment and Poverty Reduction, International Labour Organisation (ILO), have provided insightful comments and helpful suggestions on an earlier version of the draft report as external reviewers. The authors would like to put on record their sincere appreciation of their contribution.

The study team would like to register their high appreciation to Development Research Initiative (dRi) for conducting the household survey often under challenging circumstances.

The authors have gained significantly from the insightful comments and suggestions offered by the participants of the expert group meeting (EGM) which was held on 20 September 2020. In this connection, the authors are profoundly grateful to the following EGM participants: Dr Rizwanul Islam, Former Special Advisor on Growth, Employment and Poverty Reduction, International Labour Organisation (ILO); Dr Muhammed Muqtada, Former Director of Policy Planning in the Employment Sector, International Labour Organisation (ILO); Dr A K Enamul Haque, Professor, Department of Economics, East West University, and Director and Member, Economic Research Group (ERG); Dr Kazi Iqbal, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS); Dr Sayema Haque Bidisha, Professor, Department of Economics, University of Dhaka; and Dr Muhammad Shahadat Hossain Siddiquee, Professor, Department of Economics, University of Dhaka. The valuable inputs received from the EGM participants proved to be extremely helpful in terms of firming up the design of the study.

The study team gratefully acknowledges the comments and suggestions offered by representatives of various stakeholder groups and experts who took part in the national dialogue titled 'Employment Implications of Stimulus Packages: Challenges for Recovery' held (virtually) on 5 November 2020. The objective of the dialogue was to discuss the outcomes and implications of public policy interventions on employment dynamics induced by the COVID-19 pandemic in Bangladesh. In this regard, the authors would like to put on record their deep appreciation of the valuable inputs provided by Special Guest at the event Mr K M Abdus Salam, Secretary, Ministry of Labour and Employment,

Government of Bangladesh. The team thankfully recalls the insightful comments and suggestions offered at this discussion by the following panellists: Mr Kamran T Rahman, President, Bangladesh Employers' Federation (BEF), Former Vice President, Metropolitan Chamber of Commerce and Industry (MCCI) and Chairman and Managing Director, Pubali Jute Mills Ltd.; Dr Nazneen Ahmed, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS); Mr Razequzzaman Ratan, President, Socialist Labour Front, Bangladesh; Dr M Abu Eusuf, Professor, Department of Development Studies, University of Dhaka; and Dr Hosne Ara Begum, Executive Director, Thengamara Mohila Sabuj Sangha (TMSS).

The authors would like to express their sincere gratitude to the participants of the national dialogue titled 'Income and Employment Situation in COVID Times: How the People Are Coping? Findings from Household Survey'. The dialogue was held (virtually) on 5 May 2021 to discuss the findings of an earlier draft of the present report. In this connection, the team thankfully recognises the valuable inputs provided by the Guest of honour Mr Tapan Chowdhury, Former Advisor to the Caretaker Government and Managing Director, Square Pharmaceutical. The team gratefully acknowledges the insightful comments and suggestions offered by the special commentator Dr Rizwanul Islam, Independent Economist and Former Special Advisor on Growth, Employment and Poverty Reduction, International Labour Organisation (ILO). Valuable comments were received from the discussants at the dialogue: Mr Rizwan Rahman, President, Dhaka Chamber of Commerce and Industry (DCCI) and Managing Director, ETBL Holdings Ltd.; Mr Kamran T Rahman, President, Bangladesh Employers' Federation (BEF), Former Vice President, Metropolitan Chamber of Commerce and Industry (MCCI) and Chairman and Managing Director, Pubali Jute Mills Ltd; Ms Ferdaus Ara Begum, Chief Executive Officer, Business Initiative Leading Development (BUILD); Mr Md Shahidullah Azim, Vice President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Managing Director, Classic Fashion Concept Ltd.; Mr Razequzzaman Ratan, President, Socialist Labour Front; and Dr Md. Shahid Uz Zaman, Founder and Executive Director, Eco-Social Development Organisation (ESDO).

The authors would like to put on record their sincere appreciation of the generous support received from the EU Delegation in Dhaka to implement the study and for extending full cooperation in the course of the present study.

The study team gratefully recalls the excellent partnership between CPD and Oxfam in Bangladesh. The study would not have been possible without the support received from the two partner institutions. The authors have greatly benefitted from the cooperation extended by colleagues from Oxfam in Bangladesh at every stage of preparing this report. In this connection, special words of appreciation are due to Dr Dipankar Datta, Country Director, who has been a pillar of support for this project and this study. Colleagues from Oxfam in Bangladesh, Mr Soeb Iftekhar, Head, Economic Inclusion and Justice, Ms Kazi Rabeya Ame, Rural Manager and Mr Saiful Alam, Programme Coordinator, have been extremely helpful and were always forthcoming when the team needed their support and cooperation.

The team members would like to express special words of thanks to colleagues at the CPD who were involved with various project-related activities and have extended valuable support during the entire period of the study. In this connection, the team would like to put on record its sincere gratitude to

Dr Fahmida Khatun, Executive Director of CPD for her excellent support towards the successful implementation of all study-related activities. Mr Avra Bhattacharjee, Joint Director, Dialogue and Communication Division, CPD, and colleagues at the Division have helped organise various activities planned under this study most efficiently and by maintaining the highest quality. The authors remain deeply indebted for their hard work to get the study manuscript ready for publication under a very tight schedule. All these tasks were not easy to implement in view of the ongoing pandemic. Finally, the team will fail in its duty if it does not mention the valuable contribution of Mr Mostafa Amir Sabbih, former Senior Research Associate, CPD, who had provided valuable inputs to the team at the initial stage of the present study.

Dhaka
June 2021

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About the Authors

Professor Mustafizur Rahman is currently affiliated with the Centre for Policy Dialogue (CPD) as a Distinguished Fellow. Previously he had taught at the University of Dhaka where he is at present a member of the University Senate. He did Ph.D in Economics from Moscow State University, Russia and carried out research at several reputed academic institutions including the University of Oxford, UK as a Visiting Fellow, Yale University, USA as a Senior Fulbright Fellow and Warwick University, UK as a post-Doctoral Research Fellow.

As a public policy analyst, Professor Rahman's areas of current interest include Bangladesh's fiscal-monetary policies, trade policies and trade reforms, regional trade and connectivity in Southern Asian region, multilateral trading system and interests of low-income countries, implementation challenges of the Sustainable Development Goals (SDGs) in Bangladesh, and graduation challenges facing the LDCs. He has published widely in professional journals and in volumes brought out by reputed publishing houses including Routledge, Springer and Palgrave Macmillan.

Professor Rahman has served as member of a number of important national committees set up by the Government of Bangladesh including Regulatory Reforms Commission, Committee to Review National Sustainable Development Strategy and Core-committee on Transit and Connectivity. Dr Rahman has served as member of the Panel of Economists for Bangladesh's Sixth and Seventh Five Year Plans and First and Second Perspective Plans of the country. Professor Rahman is a member of Board of Trustees of Brac University. He is a member of Core Group of Citizen's Platform for SDGs, Bangladesh.

Mr Towfiqul Islam Khan is an economist and currently a Senior Research Fellow at the CPD. He has undertaken various research and published in a number of areas including macroeconomic policies, fiscal policy and fiscal transparency, governance, social protection, inclusive development and SDGs. Khan is a member of the 'SDG Working Team' constituted under the Prime Minister's Office, Government of Bangladesh. He is also a member of the 'SDGs NGO Sub-Committee' constituted under the NGO Affairs Bureau of Bangladesh. Khan received the Australian Leadership Award (ALA) in 2008 to carry out his post-graduation academic degree at University of Melbourne, Australia. Khan also obtained his Masters and Bachelors in the area of Economics from Jahangirnagar University, Bangladesh.

Mr Muntaseer Kamal is an aspiring economist and currently working as a Senior Research Associate at the CPD. His primary research interests are in the areas of macroeconomics and development economics, with particular focus on Bangladesh's development. His other areas of interest include international economics, inclusive development, SDGs and ICT issues. Prior to joining CPD, he received his Masters and Bachelors degrees in Economics from the University of Dhaka, Bangladesh.

Ms Nawshin Nawar is a Research Associate at the CPD. She is a co-author of the book "Delivering SDGs at the Local Level – Efficiency of Social Protection Programmes in Bangladesh". Her areas of research interest include macroeconomic management, governance, education improvement, sustainable development, and SDG implementation. Ms Nawshin has experience working as a Research Assistant in research institutes such as Engineers and Advisors Limited (EAL) and Commonwealth of Independent States – Bangladesh Chamber of Commerce and Industry (CIS-BCCI). She has experience working on research studies related to governance, SDGs, data-ecosystem under different collaborative projects of CPD with OXFAM, Swiss Agency for Development and Cooperation (SDC) and the Citizen's Platforms for SDGs, Bangladesh. She obtained her Master's and Bachelor's degrees (MSS and BSS) in Economics from University of Dhaka, Bangladesh. At present, she is on a study leave pursuing her second Master's degree in Social Sciences at the University of California, Los Angeles (UCLA).

Ms Marfia Alam is currently working as a Programme Associate at the CPD. Her areas of research interest include development economics, governance, SDG implementation, and topics under microeconomics. She aspires to develop her research career in the field of health economics or behavioural economics in the long run. Prior to joining CPD, she secured her Master of Science in Economics from the University of Greenwich, London, UK, with a dissertation focusing on the effect of globalisation on income inequality, using the KOF index and panel data analysis. She has acquired her first masters from North South University, Dhaka, Bangladesh, with a thesis focusing on the effect of mental health on economic output, using panel data analysis. Ms Marfia has obtained her Bachelor of Science in Economics from United International University, Dhaka, Bangladesh.

Mr Md. Sabbir Hossain is working as a Programme Associate at the CPD. He has completed his Bachelor and Master in Statistics from Shahjalal University of Science and Technology, Sylhet, with an MS thesis focusing on climate change impact on agriculture. His primary research interests are in the areas of population and public health, especially environmental health and epidemiology, macroeconomics, and development economics. Mr. Hossain is a competent statistical programmer (R, STATA, and SPSS) with project management, scientific proposals, and report writing skills. Before joining CPD, he has worked as Research Assistant at Shahjalal University of Science and Technology, Sylhet. He obtains more than two years of research experience in public health, economics, agriculture, and banking sectors.

About the Project

The overarching objective of the project titled "Enhancing the Participation of CBOs and CSOs in Democratic Governance in Bangladesh", funded by the European Union, is to promote the cause of transparency, voice and accountability in the implementation of Sustainable Development Goals (SDGs) in Bangladesh.

Bangladesh is at present working towards implementing the SDGs, which have set the global ambition of attaining 17 goals and 169 targets by 2030. A total of 193 countries including Bangladesh have committed to implement the 2030 Agenda for Sustainable Development with its global vision of economic growth, inclusive societies and sustainable development.

Transparency and accountability in public decision-making are key to ensuring that efforts at implementing the SDGs deliver the expected results. In this backdrop, it is critically important that the voices of the people, especially the marginalised, the women and the other left behind groups, are being heard and actions taken accordingly. However, oftentimes, it is seen that the demands of the marginalised groups remain unaddressed and their expectations are not reflected in national policies. There is thus an urgent need for participatory governance which will ensure meaningful participation of grassroots people through inclusion in decision making power structures.

The project's aim is to contribute towards implementation of the SDGs in Bangladesh through enhanced participation of the community-based organisations (CBOs) and civil society organisations (CSOs). Oxfam in Bangladesh and Centre for Policy Dialogue (CPD) have joined hands to implement the aforesaid project which seeks to strengthen the role of local CBOs and CSOs through capacity building to ensure that the demands made by people at the grassroots get heard and measures in view of this are implemented by policymakers at national level.

The project is making best use of the comparative advantage of the two collaborating institutions to achieve the expected results. Oxfam in Bangladesh is taking advantage of its extensive network to reach the local level to ensure engagement and capacity building of local communities and marginalised groups in support of SDGs implementation in Bangladesh. CPD, a leading think tank of the country, is contributing by undertaking research and through wide-ranging publication and advocacy activities. It is to be noted that, the CPD, the secretariat of the Citizen's Platform for SDGs, Bangladesh, connects the project activities with one of the most well-represented networks of non-state actors working towards implementing the SDGs in the country.

The project activities largely focus on a select set of riverine islands (Char in Bengali), wetlands (Haor in Bengali) and coastal areas belonging to 13 districts of Bangladesh. These are Barguna, Chattogram, Gaibandha, Jamalpur, Kishoreganj, Kurigram, Netrokona, Nilphamari, Pirojpur, Rangpur, Satkhira, Sirajganj, and Sumanganj. These are considered to be areas with high levels of poverty, suffering from remoteness, vulnerability to climate change and proneness to disasters. It is reckoned that the need for improved service delivery through transparency, accountability and good governance is of heightened importance and relevance as far as these marginalised and geographically handicapped areas are concerned. Winning the fight to achieve the SDGs, from the vantage point of leaving no one and no area behind will, without doubt, hinge on how successfully specific challenges faced by these communities and these areas are addressed adequately. It is also hoped that in the process, the project will contribute towards implementation of the national five-year plans and the Vision 2021 Perspective Plan of the government.

The project's target groups include 50 thousand members belonging to 325 women-led CBOs/CSOs and 300 CSO representatives from 13 upazilas. Also, 450 local authority representatives and 650 local government officials will have an opportunity to enhance their knowledge and understanding about effective delivery of the SDGs. Project activities will focus on how best to deliver local level public services to the doorsteps of the beneficiaries. It is also hoped that project-related stakeholders will use the new knowledge to advocate the needs of local communities they serve and by working with local level communities will work to ensure delivery of public services at the local levels. Overall, the project is expected to benefit 175,000 people living in the 13 districts during the three and a half-year period of its implementation.

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List of Tables, Figures and Annexes

Acronyms

7FYP	Seventh Five Year Plan
8FYP	Eighth Five Year Plan
ADB	Asian Development Bank
BBS	Bangladesh Bureau of Statistics
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BIGD	BRAC Institute of Governance and Development
BILS	Bangladesh Institute of Labour Studies
CED	Centre for Entrepreneurship Development
COVID-19	Corona Virus Disease 2019
CPD	Centre for Policy Dialogue
CSMEs	Cottage, Small and Medium Enterprises
EDF	Export Development Fund
EGPP	Employment Generation Programme for the Poorest
FFW	Food For Work
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GED	General Economics Division
GoB	Government of Bangladesh
GR	Gratuitous Relief
HIES	Household Income and Expenditure Survey
ICC	Intra-Cluster Correlation
ICVGD	Investment Component for Vulnerable Group Development Programme
IFC	International Finance Corporation

IGA	Income Generating Activities
ILO	International Labour Organisation
LFPR	Labour Force Participation Rate
LFS	Labour Force Survey
MiB	Mapped in Bangladesh
MoF	Ministry of Finance
MSME	Micro, Small and Medium Enterprise
NEET	Not in Education, Employment or Training
OMS	Open Market Sale
PKSF	Palli Karma-Sahayak Foundation
PPRC	Power and Participation Research Centre
PSU	Primary Sampling Unit
RMG	Readymade Garments
SANEM	South Asian Network on Economic Modeling
SBA	Small Business Agency
SDF	Social Development Foundation
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
SSNP	Social Safety Net Programme
TR	Test Relief
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
VGD	Vulnerable Group Development
VGF	Vulnerable Group Feeding
WFM	Work For Money
WHO	World Health Organisation

Introduction

1.1 Background of the Study

Pandemics are associated with enormous health risks, and in their wake they wreak havoc in terms of enormous humanitarian costs and significant economic losses. The ongoing COVID-19 pandemic has been no exception. For Bangladesh, COVID-19 poses a multi-dimensional crisis – health, humanitarian and economic, which has short-term impacts and medium to long-term ramifications at macro, meso and micro levels. Since the first detection of COVID-19 in March 2020 and in the backdrop of the rise in numbers of infections and deaths, Bangladesh has experienced frequent stoppages and slowdown of economic activities. These have resulted in the loss of employment and income for a large number of people in the workforce. An earlier study undertaken by the Citizen's Platform for SDGs, Bangladesh indicates that due to COVID-19, the number of people at risk in terms of employment could reach about 13 million, which is approximately 20 per cent of the country's labour force (Citizen's Platform for SDGs, Bangladesh, 2020). However, as the exercise was carried out based on the Labour Force Survey (LFS) 2016-17 data, the number could well be an underestimate since the estimation did not take into account the new entrants to the labour market since 2017. A recent CPD study indicated that the poverty rate (upper) in Bangladesh could be as high as 35.0 per cent, from 24.3 per cent in 2016, because of COVID-19. This would mean that an additional 17.5 million people could have fallen into poverty (CPD, 2020). To what extent the aforementioned two sets of people overlap, however, remains a question. But it is conceivable that many working people with income levels above the poverty level had fallen into poverty when they lost livelihoods and income opportunities in view of the pandemic.

The adverse implications of the pandemic on employment and income will no doubt have ramifications in terms of attaining the Sustainable Development Goals (SDGs) in Bangladesh. Given its labour abundance, decent employment (as is conceptualised in SDG 8) has emerged as a critical concern in Bangladesh, alongside health, in view of the COVID-19 pandemic. A considerable array of literature, both theoretical and empirical in nature, has pointed to the interconnected nature of the SDGs. Hence, loss of employment and income induced by the pandemic and subsequent adjustments at the individual and household levels are expected to have an impact on the attainment of a number of goals, not to speak of SDG 8.

No doubt, the actual impact of COVID-19 on employment can be best captured through an in-depth study of the adjustment processes of individuals and households in areas of employment and

income. Such an investigation would allow to have a deeper understanding of COVID-19-induced vulnerabilities and risks, adjustments and opportunities, and efficacy of delivery of government policies, as far as employment scenario was concerned. Individual and household-level adjustments in income and expenditure critically hinge on the underlying adjustments in terms of employment that have to be made during pandemic times.

Since COVID-19 is an ongoing phenomenon in Bangladesh, an investigation into the employment adjustment processes will hopefully enable policymakers to have an informed understanding as regards which policies to pursue to help those in the labour force who are vulnerable and at risk to better adjust and cope with the situation. This will also provide an understanding as regards how this may affect some of the other relevant SDG areas in a cross-cutting manner. The study intends to offer a set of policy suggestions to enable policymakers to come up with appropriate labour market and macro/sectoral policy interventions to address COVID-19 related challenges.

1.2 Objectives of the Study

The primary objective of the study is to examine in detail the adjustment processes from the point of view of employment arising from the COVID-19 pandemic. The focus of the study has been primarily set on the adjustment mechanisms at the individual level rather than on investigating the nature of the shock or impact. This is going to be a departure from available literature which tends to concentrate more on how the COVID-19 pandemic induced shocks have impacted at macro and household levels (e.g., ILO, 2020). Looking at the adjustment process from the employment angle is also going to be a departure from similar studies in Bangladesh (e.g., carried out by PPRC and BIGD, 2020), which have examined the adjustment mechanism from the perspective of consumption. Thus, the study puts the spotlight not so much on labour market but on households as units of players in the labour market, which is also a distinct departure.

The specific objectives of the study are, thus, four-fold:

a) to examine the status of employment and income of individuals immediately before the pandemic and after it

b) to identify channels of COVID-19-induced impact on employment scenario at the household levels

c) to examine the processes of adjustments at the individual and household levels in terms of employment and income

d) to capture the efficacy of government's policy interventions on the adjustment process

1.3 Research Questions

To service the abovementioned objectives, the study attempts to answer the following questions:

Q1 What were the key features of employment status (e.g., occupation, economic sector, type, working hours etc.) and income of the respondents before the pandemic had struck?

Q2 What were the immediate changes to employment status and income as a consequence of COVID-19-induced shocks?

Q3 Which were the COVID-19-induced factors that affected the pre-pandemic situation? In what ways these have acted on employment status?

Q4 What were the adjustment initiatives pursued by the respondents in areas of employment and income?

Q5 How relevant and effective were the government policies, taken in view of the pandemic, for the adjustment process mentioned in research question 4?

In order to generate relevant data and evidence for the present study, a nationally representative household survey was conducted which covered 16 districts across all the eight divisions of Bangladesh. The survey was conducted between late January and early February of 2021. This household survey was complemented by a number of focus group discussions (FGDs) to elicit additional insights and information. Information was collected on inter alia, education, training, status of work, occupation, income, expenditure, perception as regards the impact of the pandemic, and adjustment in terms of employment. In designing the survey questionnaire, necessary insights were drawn from successive LFSs conducted by the Bangladesh Bureau of Statistics (BBS).

1.4 Structure of the Report

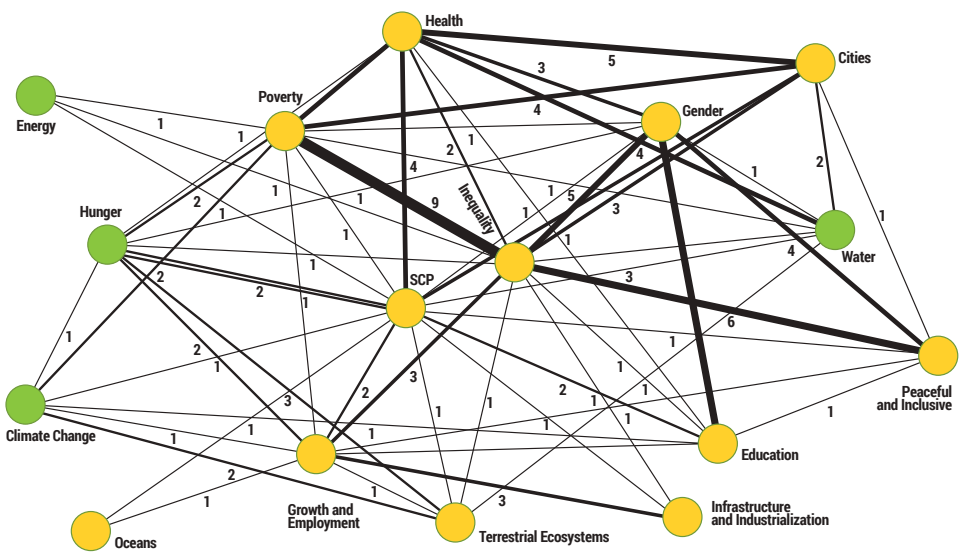
As was noted, key motivation of the study is to assess pandemic-induced employment impacts at household level to have a deeper understanding of their implications in attaining SDG 8 in Bangladesh. This is the focus of Chapter 2, following the introduction. An analytical framework, key concepts and survey methodology are presented in Chapter 3. Survey findings on key aspects of employment and employment-related adjustment processes in the backdrop of the pandemic are discussed in Chapter 4. Chapter 5 focuses on the stimulus packages and the social safety net programmes implemented in view of the pandemic and assesses their employment sensitivity. Chapter 6 concludes the discussion with a summary of the findings and presentation of a set of policy recommendations.

Why SDG 8 Should Define COVID-19 Recovery

2.1 Importance of SDG 8 in Bangladesh

The new realities arising from the COVID-19 have put a significant number of those in the labour market at risk of losing employment opportunities. For a labour-endowed country such as Bangladesh, the ramifications for decent employment (as is conceptualised in SDG8) has emerged as a key concern, alongside health, in view of COVID-19. Lack of employment and income followed by the consequent adjustments at the individual and household levels will have important implications for the attainment of a number of other goals. This concern is more pertinent if the spirit of leaving no one behind is kept in perspective. Indeed, Le Blanc (2015), through a network analysis exercise, has found that SDG 8 is connected to 10 other goals, including SDG 1 (eradication of poverty), SDG 2 (ending hunger), SDG 10 (reducing inequalities) and SDG 16 (promoting peace, justice, and strong institutions) (Figure 2.1).

Figure 2.1: Links between the SDGs through targets: An aggregated picture



Source: Le Blanc (2015, pg. 181).

Given their inter-linkages (Figure 2.2), failure to make headway on SDG 8 will no doubt put under question the prospective attainment of other goals in Bangladesh, including SDG 1 (eradication of poverty), SDG 3 (ensuring good health and well-being), SDG 4 (ensuring quality education), SDG 5 (achieving gender equality), SDG 10 (reducing inequalities) and SDG 16 (promoting peace, justice, and strong institutions) (ILO, 2019).

Figure 2.2: Links between SDG 8 and other goals

Source: Based on ILO (2019).

Many businesses in Bangladesh and around the world, particularly the small ones, have been forced to shut down because of COVID-19. This has caused temporary or permanent unemployment for millions of workers, threatening the scope of obtaining decent work and economic growth (SDG 8). Increased unemployment rate led to limited consumption of food, affecting the goal of 'ending hunger' (SDG2), disruption in education affecting SDG 4, and limited access to health care services affecting good health and well-being (SDG 3). Loss of income may have marginally affected the ones who were less dependent on employment but has caused a significant transformation for a social class by pulling down low-income people to join the poverty group. As a result, inequality in income and wealth have increased both within countries and across the globe, with the pandemic affecting SDG 10. Increased unemployment has put the women workers into a more vulnerable position as they got disproportionately more affected by the socio-economic adversity of the pandemic, either by losing jobs in greater numbers than men, by undertaking unpaid care work, or being exposed to domestic violence. All these led to a decline in women's economic empowerment, which in turn

affected gender equality (SDG 5). Finally, increased tensions arising from economic and labour market disruptions have increased the likelihood of conflicts within borders and across the world, affecting the goal of global peace and justice (SDG16) (Filho et al.,2020).

2.2 Trend of SDG 8 implementation in Bangladesh before the pandemic

The trends in SDG 8 implementation in Bangladesh have not been satisfactory as per data from the SDG tracker website. A brief overview of seven of the indicators under SDG8 shows that success has only been achieved in terms of attaining the target of 'protecting labour rights and promoting safe working environments'; this is reflected through one indicator as regards 'occupational injuries' (8.8.1: Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status). The targets of advocating supportive policies for job creation, enhancing full employment, and decent work with equal payment, and promoting youth employment have not attained notable progress over the past years; these are reflected through the indicators of 'informal employment', 'hourly earning' and 'unemployment rate', and 'youth employment', respectively. In the case of the target to end child labour, no data is available to carry an evaluation. Table 2.1 provides a summary view of selected indicators related to the targets under SDG 8.

Table 2.1: Trends in SDG 8 implementation in Bangladesh

Target	Indicators	Benchmark Year	Current Status	Target by 2030	Comments
8.3	8.3.1 Proportion of informal employment in total employment, by sector and sex	86.2 (2016)	85.1 (2017)	65.0	Slow Progress
8.5	8.5.1 Average hourly earnings of employees, by sex, age, occupation and persons with disabilities	Tk. 12,897 (2016)	Tk. 13,258 (2017)	No target	Slow Progress
8.5	8.5.2 Unemployment rate, by sex, age, and persons with disabilities	4.2 (2016)	4.2 (2017)	0.0	Off track
8.6	8.6.1 Proportion of youth (aged 15-24 years) not in education, employment, or training	28.9 (2016)	29.8 (2017)	3.0	Off track
8.7	8.7.1 Proportion and number of children aged 5-17 years engaged in child labour, by sex and age	-	-	Fully eliminate	
8.8	8.8.1 Fatal occupational injuries per 100,000 workers, by sex and migrant status	382 (2015)	228 (2019)	343.8 (Previous target: 100)	On track
8.8	8.8.1 Non-fatal occupational injuries per 100,000 workers, by sex and migrant status	246 (2015)	111 (2019)	221.4 (Previous target: 100)	On track

Source: SDG Tracker Bangladesh.

Formalising Employment

Share of informal employment did not decline in a tangible manner over the past years, neither across sectors nor across genders. The share of informal workers was 86.2 per cent in 2016, which declined somewhat to 85.1 per cent in 2017. Informal employment is higher in rural areas compared to urban areas, with rates of 88.1 per cent and 77.3 per cent, respectively. The share of informal employment is also significantly high in industry and services sectors as the proportion of informal employment increased from 77.5 in 2015 per cent to 78 per cent in 2016. With such a progress rate in informal employment, it will be difficult to attain the target set for 2030, which is to bring down the overall share of informal employment to 65 per cent in non-agricultural sectors (GED, 2020a).

Ensuring full employment and decent work with equal pay

Progress has been very slow over the past years in achieving the goal of obtaining equal pay for work of equal value by 2030. Of the estimated 24.2 million paid employees in Bangladesh, in 2017, 56.7 per cent received a monthly wage, 34.5 per cent received wage on a daily basis, 7.3 per cent received wage on a weekly basis, and the rest 1.5 per cent were paid on other terms (BBS, 2018). As a result, instead of measuring this indicator in terms of an hourly wage, the LFS 2016-17 provides a picture based on monthly wage where only insignificant improvement is discernible. From the baseline of TK. 12,896 in 2016, the monthly wage has increased to TK. 13,258 in 2017, although a decline is observed in real wage for workers of both sexes over the last four years since in 2013 the average monthly wage was TK. 14,152 (GED, 2020a). However, even this marginal increase in wages in 2017 is not reflective of the situation of women who have experienced a fall in real wage rates as against the men (GED, 2020a).

The Unemployment rate has been stagnant in Bangladesh for a couple of years till 2017; no progress is seen from the baseline value of 4.2 in 2015. Marginal improvement can be seen though as per World Bank data which mentions Bangladesh's unemployment rate to be 2.29 per cent in December 2019 as against 4.31 per cent in December 2018 (GED, 2020a). However, gender disaggregation indicates that unemployment rate for women was twice their male counterpart (GED, 2020a).

Promoting youth employment, education, and training

The youth employment rate has not increased over the years when juxtaposed to the targets; rather, youth unemployment rate of 12.3 per cent was the highest in 2017. As of 2017, 29.8 per cent of the working age population in Bangladesh is not in education, employment or training (NEET). Gender disaggregation shows a more depressing scenario since youth female NEET share was about 50 per cent in 2016-2017 compared to the NEET share for youth male which was closer to 10 per cent. These results indicate that a significant number of young women are involved in household duties and likely to be constrained by the existing barriers to participating in the labour force (GED, 2020a).

Eliminating child labour

The indicator related to this target refers to the proportion and number of children aged 5-17 years engaged in child labour by sex and age; the goal is also to end all forms of child labour by 2025. Unfortunately, no data is available for this indicator since the Child Labour Survey 2013 (GED, 2020b).

Promoting a safe working environment

The substantial reduction in the number of occupational injuries from 2015 to 2019 reflects that fatal and non-fatal occupational injuries have reduced over time in Bangladesh. The SDG target has been achieved in this regard. Data from 55 countries reveal that the median number of deaths is 3 per 100,000 employees and the median number of non-fatal injuries is 889 per 100,000 employees (GED, 2020a). This suggests that more actions are needed to curtail the number of non-fatal injuries as they could have lifetime impact for the workers.

2.3 Impact of COVID-19 on employment and income

The trends in employment and income related SDG indicators suggest that even before the COVID-19 pandemic, Bangladesh was facing formidable challenges in the relevant areas. The COVID-19 pandemic has exacerbated the existing unemployment and livelihood opportunities in Bangladesh even further and by manifold. It is seen that cyclical unemployment tended to rise during recessions inflicted by disasters such as the pandemic. In this backdrop, governments are to be held accountable for timely and appropriate policy measures and most did make an attempt to initiate various measures to address the attendant concerns, with varying degrees of success. Bangladesh has been no exception. Most countries have gone for various forms of lockdown measures, from state imposed quarantines to the closure of educational institutions. The first case of COVID-19 in Bangladesh was detected in March 2020, and since then, Bangladesh has experienced stoppages and slowdowns of economic activities resulting in

an increase in unemployment and a significant loss of income for a major share of the labour force.

Loss of Employment

The unprecedented shocks arising from the pandemic have put a significant number of those already employed in the labour market at significant risk of losing jobs. ILO estimates reveal that 8.8 per cent of global working hours were lost relative to the last quarter of 2019, which equals 255 million full-time jobs (ILO, 2021). Globally, 114 million jobs have been lost relative to 2019 because of the pandemic (ILO, 2021). Citizen's Platform for SDGs Bangladesh (2020a) found that due to the pandemic as many as 1.3 crore (13 million) jobs could be at risk in Bangladesh. This accounts for about 20 per cent of the domestic labour force even if the agriculture sector is excluded. The state of vulnerability is further revealed by a World Bank telephone survey conducted from 10 June to 10 July 2020, which found that in Dhaka and Chattogram districts about 68 per cent of respondents had experienced job losses (World Bank, 2020a). Bangladesh Institute of Labour Studies (BILS) conducted a study on employment impacts of the COVID-19 pandemic where they estimated that job loss in the RMG industry in the fiscal year 2020 was to the tune of about 325 thousand (Islam, 2020). However, this figure was severely contested by the BGMEA (Khan, 2020). A joint survey conducted by PPRC and BIGD to track employment/unemployment scenario had found that about 17 per cent of the survey respondents who were jobholders in February 2020 became jobless in June 2020. About 7 per cent managed to retain their livelihoods through shifts in occupation (PPRC and BIGD, 2020a). The BBS conducted a telephone survey which found that the unemployment rate increased by 10 per cent to 22.4 per cent in the month of July 2020 from the pre-COVID level of 2.3 per cent in March 2020. However, according to the BBS estimates, this had eventually come down to 4 per cent by September 2020. Islam and Rahman's study also found that nearly 11 million job losses had occurred during the April-May 2020 period, with a total estimation of about 3 per cent of the labour force participants losing jobs in FY2020 (Islam and Rahman, 2020).

It goes without saying that the COVID-19 had a devastating impact on millions of workers all over the world. In Asia and the Pacific, it has particularly affected the workers in the informal sector and those in small and medium-sized enterprises. Globally, the likelihood of attaining the goal of 'decent work and economic growth' (SDG 8) have suffered a serious setback. The number of unemployed has increased in the Asia-Pacific region by 15 million in 2020, which is 0.8 per cent higher than that of 2019 (UNESCAP, 2021). The highest degree of employment loss, both as a share of the working-age population and in relation to working-hour losses, was experienced in the Americas, where unemployment rose more than inactivity. In this case, inactivity refers to the situation where people withdraw from the labour market as they are not available to work and/or do not actively seek jobs. Many people who wished to have a job remained inactive because of a lack of hope about the opportunity to obtain a job in the crisis period or due to the restrictions imposed by COVID-19. However, it has been projected by the ILO that the global employment loss is expected to fall from 144 million jobs in 2020 to 68 million in 2021, even though there would be a transformation of work-hour loss into employment losses than into reduced work hours in 2021. Europe and Central Asia had the lowest employment loss, where job retention schemes envisaged support in the form of extensive reduction of working hours, more particularly in Europe (ILO, 2021). However, in the wake of the ongoing second wave of the pandemic, these projections may no longer be true for many countries.

Loss of Income

CPD's analysis on short-term implications of COVID-19 on poverty and inequality had indicated that the upper poverty rate could have reached 35.0 per cent against the 24.3 per cent in 2016 as per HIES; this would mean that about 1.75 crore (17.5 million) people could fall into poverty as 'new poor' (CPD, 2020). Some other studies provide a more detailed picture of the ground reality. PPRC and BIGD jointly conducted rapid response survey in April 2020, which revealed that, between February and the first week of April 2020, key income earners of about 54 per cent rural slum households and 72 per cent urban slum households became economically inactive (PPRC and BIGD, 2020b). Moreover, the Mapped in Bangladesh (MiB) project implemented by the Centre for Entrepreneurship Development (CED) of BRAC University confirmed that 77 per cent of the respondents found it difficult to feed all members in their household (Rabbani, Saxena and Islam, 2020). A telephonic survey conducted by BBS revealed that in the month of September, 2020 the average income of a household decreased by 20.2 per cent from March, 2020 while the average expenditure of a household saw a decrease of 6.1 per cent. Consequently, the budget deficit at household level would have increased significantly.

It has been projected by United Nations Development Programme (UNDP) and the World Bank that COVID-19 would exacerbate both income and multidimensional poverty in the coming days, dragging down 119 million people (benchmark scenario) to 124 million people (downside scenario) into extreme poverty. It is also projected by the World Bank, in a report published in January 2021, that because of COVID-19 Asia and the Pacific region would experience more poverty compared to any other region in the world. In this scenario, South Asia alone is expected to account for 60 per cent of the new poor. The pandemic has not only increased the number of unemployed but also the

incidence of underemployment. Policy responses have helped enterprises to retain their workers but with fewer working hours and with associated income losses. Asia and the Pacific region recorded high-level working hour losses, which were estimated to be 8.1 per cent, which is equivalent to the working hours of 150 million full time jobs (assuming 48-hour working per week). South-West Asia and North and Central Asia had work hour losses of 12.8 per cent and 9.0 per cent, respectively. Loss of working hour is also associated with loss of income in these regions, as confirmed by early data for 2020 on earnings. ILO estimates of labour income losses suggest that, labour income losses have been the highest in South and South-West Asia (13.5 per cent). The income losses could put millions of households at the risk of poverty in absence of mitigation initiatives that envisage income support through social protection programmes, direct transfers or other measures (UNESCAP, 2021).

The loss of work hours was significantly high in the second quarter in 2020 but modest in the fourth quarter of 2020 because of a strong rebound in the third quarter. Lower-middle income countries, upper-middle-income countries and high-income countries experienced similar and high work hour loss in 2020; low-income countries had the lowest level of losses. Inactivity and shorter work hours were the major drivers of overall work hour losses during COVID-19. The loss of work hour was substantially high and significantly intense in lower-middle-income countries where economic activities had resumed quickly and containment measures were less strict (ILO. 2021). Most of the countries across the world experienced contraction in economic activity by double digits during the second quarter of 2020, where economies of China and Vietnam suffered relatively less than others. The share of GDP generated by services sectors experienced higher losses since relatively speaking as services sectors were significantly affected during the pandemic. A country generating 10 per cent more of its GDP with services experienced a 3.3 per cent larger contraction (World Bank, 2020b).

Disparities in Impact

The losses in income and employment have not affected all segments of society in equal measure. According to ILO estimates, employment losses were higher for women and young workers (ILO, 2021). The crisis in employment was further accentuated for the youth, which is revealed by the findings of ADB-ILO joint publication brought out in August 2020. The report estimated that about 1.1 to 1.7 million Bangladeshi youth was at risk of job losses in 2020 due to the COVID-19 pandemic (ILO and ADB, 2020). It goes without saying that the pandemic has added new vulnerabilities to the already existing ones which are faced by youth who account for more than one-third of the country's population. Findings from the online survey conducted in October 2020 by the Citizen's Platform for SDGs, Bangladesh that covered 1,163 respondents revealed that almost one-third (28 per cent) of the youth left studies to support their families during pandemic times (Citizen's Platform for SDGs, Bangladesh, 2020b). In Asia and the Pacific, youth unemployment was higher as majority of the inactive workers during the pandemic were from the youth population; at some point they had stopped searching for jobs which indicated the difficulty in getting a job during the pandemic (UNESCAP, 2021). The number of younger workers affected hard by the COVID crisis in 2020 was higher all over the world, resulting in an employment loss of 8.7 per cent, as opposed to 3.7 per cent for the adults. However, apart from high-income countries, the jobless youth population or those who were about to enter the labour market dropped out of the labour force or delayed their entry into the labour market rather than moving into unemployment (ILO, 2021).

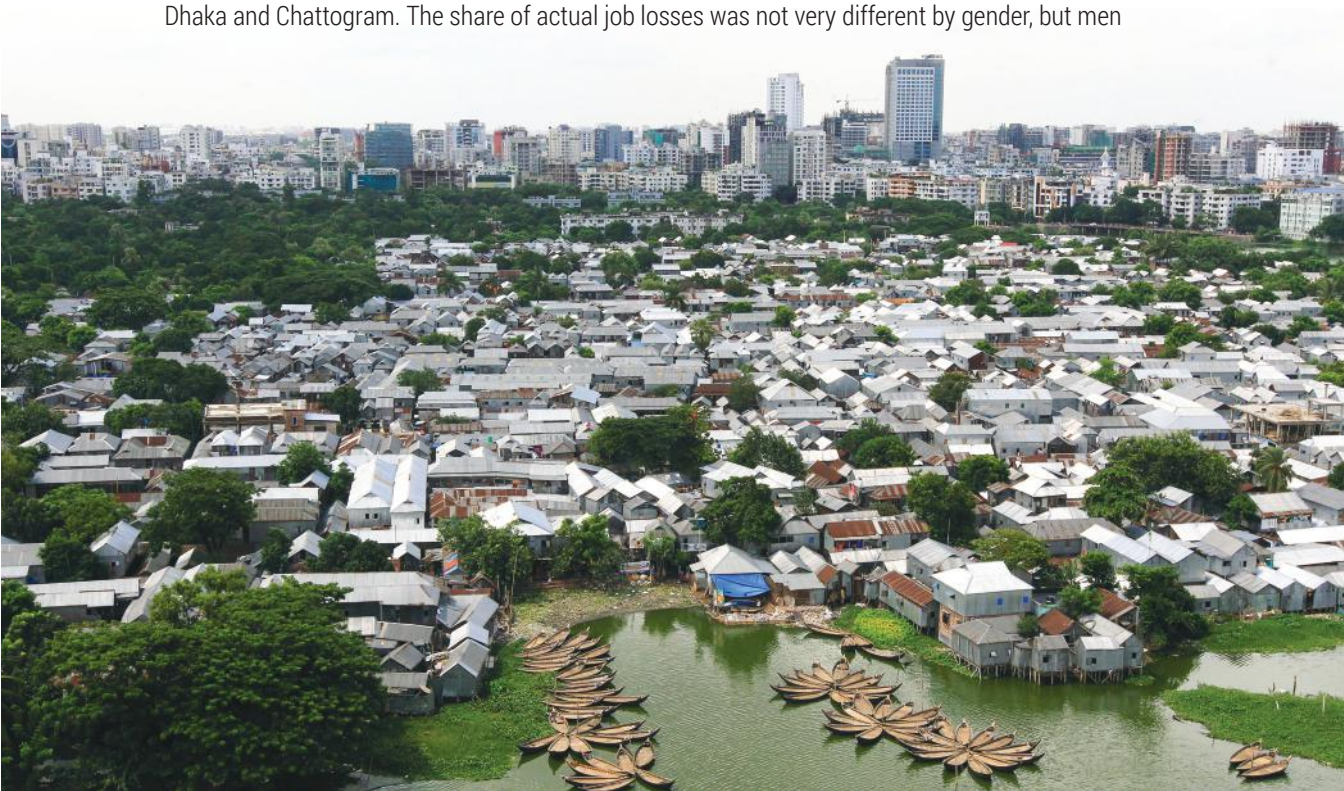
The pandemic had hit different sectors differently. The most hardly hit sector among industries is the small and medium enterprises. According to Islam and Rahman (2020), the labour market was being affected by the combined health and economic crisis through two broad channels – the domestic channel, affecting sectors such as transport, manufacturing, construction and services through job loss and incomes, and the external channel, affecting the demand of Bangladesh's major export item i.e.; the Ready-Made Garments (RMG) and the overseas employment market (Islam and Rahman, 2020). Agriculture was the most active income source during the lockdown in Bangladesh, not only in the more rural high-exposure area but also in more urbanised low-exposure regions. The lockdowns have had a limited adverse impact on the agriculture sector compared to the industry and services sectors. A sample survey of MSMEs conducted by the International Finance Corporation (IFC) between June and August 2020 found that 70 per cent of MSME workers were in a vulnerable state due to being employed in businesses that were either closed or were only partially open (IFC, 2020). SANEM, in collaboration with The Asia Foundation, conducted a firm-level survey in July 2020 which stated that only one-third of the surveyed firms managed to acquire the stimulus packages announced by the government (SANEM, 2020). Industrial production collapsed to 40 to 60 per cent in India, Sri Lanka, and Pakistan compared to pre-COVID levels. Nepal and Bhutan experienced negative GDP growth due to limited tourist arrivals and reduced foreign demand (World Bank, 2020b).

Informal workers were more vulnerable to income losses caused by the pandemic, given their weak financial situation. Proportion of the informal sector is higher in the Asia-Pacific region, where more than half of the workers in the non-agricultural sector belonged to some form of informal employment prior to the COVID-19 crisis. In April 2020, 64 per cent of all informal workers in Asia-Pacific lived in countries with full or partial lockdowns. There is a large portion of informal workers in small and medium-sized enterprises who were also vulnerable to income losses during COVID since these SMEs, which play a major role in creating employment, failed to retain their workers during the pandemic. The vulnerabilities arose primarily from the lack of access to credit and financial buffers necessary to sustain their operations and retain their workers. Millions of other

businesses in other categories have also suffered during the pandemic due to disruption in input supply and lower consumer demand. Together, these have caused a significant economic loss in the Asia-Pacific region during the pandemic times. In Vietnam, for example, aggregate employment decreased by 4.5 per cent in the second quarter of 2020, including decreases of 5.6 per cent in microenterprises, 3.5 per cent in small enterprises and 1.5 per cent in medium and large firms (UNESCAP, 2021). In Dhaka and Chittagong, wage workers and business owners reported lower earnings after the lockdown (World Bank, 2020a).

The pandemic has affected different regions of Bangladesh in different magnitudes, as was found in a simulation exercise conducted by the World Bank. Urban areas were more affected by COVID-19 than rural areas in terms of the poverty rate. This disparity was the result of a relatively larger number of workers in urban areas depending on activities that are directly affected by the COVID-19 crisis. Mention may be made in this connection of daily and self-employed workers in non-agriculture sectors and salaried workers in manufacturing sectors. It has also been found that slum areas had a higher share of people who stopped working or lost jobs due to the disruption caused by COVID-19 than the non-slum poor areas. About 32 per cent of adults who stopped working after 25 March 2020 were not looking for jobs as they were expecting to get back to their previous job/activity. Thus, the actual job losses that occurred right after the lockdown may have been underestimated (World Bank, 2020a). There have also been variations in labour income across geographical regions due to the pandemic. For instance, workers in the Americas were estimated to have lost 10.3 per cent of labour income, compared with 6.6 per cent for workers in Asia and the Pacific. The reduction in labour income has been distributed unevenly between workers, meaning that the problem of income loss is combined with that greater inequality across regions and countries (ILO, 2021).

The COVID-19 pandemic has also impacted men and women in Bangladesh differently. While women's participation in labour force was lower, women experienced relatively higher job losses in Dhaka and Chattogram. The share of actual job losses was not very different by gender, but men



were more likely to actively look for another job while women were more likely to exit the labour market. The women in Dhaka and Chattogram, who continued working, suffered reduced earning or uncertainty about their job prospects primarily because the occupations they were involved in were hit hardest by the pandemic. For example, the majority of the women were engaged in the garments sector or in domestic help services, and both these sectors were most severely affected by the pandemic. They suffered a reduction in wages and in incomes. The median wage decline for women was 43 per cent, compared to 33 per cent for men (World Bank, 2020a). Globally and across all regions and countries, women have been more affected by the pandemic than men in terms of loss of employment and remained economically inactive or dropped out from the labour force during the crisis. At the global level, the employment loss for women was 5.0 per cent in 2020, compared to 3.9 per cent for men. In absolute numbers, the loss was more prominent for men (80 million) than for women (64 million) due also to the long-standing gender gap in labour force participation rates between women and men (ILO, 2021).

Unevenness of recovery

Some signs of recovery in terms of employment can be observed, as far as job circulars are concerned. According to bdjobs.com, a major platform for publishing job circulars and notifications in Bangladesh, job circulars have increased by 1.47 per cent in February 2021 compared to the corresponding month of the previous year. As per the same source, job postings have been picking up since September 2020 after hitting their lowest in April 2020. Although the aggregate number of job postings have gone back to the pre-pandemic level, there are considerable variations among the hiring sectors. For instance, while job adverts for hiring in heavy industries, engineering and construction, hospitals and diagnostic centres, agro-based industries and the trading sector have increased in February 2021, the reverse is true for garment and textile sectors, government,

semi-government and autonomous organisations (The Business Standard, 2021). This indicates towards an uneven recovery as far as employment is concerned.

The recovery of Bangladesh is fragile due to depressed wage income in manufacturing and construction and the uncertainty about the resumption of demand for RMG even though the market scenario is stabilising in Europe and the United States. It has been simulated that Sri Lanka, which had the highest labour productivity in the South Asian region before COVID, would consequently suffer the largest losses in the long term. Weighted by the COVID shock on all sectors and employment in general, the agriculture and manufacturing sectors in Sri Lanka would contribute the most to the total loss. Even in the less affected sectors, such as agriculture (mostly unaffected), banking, business and manufacturing, it is expected that there will be severe capacity underutilisation, which could lower total factor productivity in view of the restrictions to moderate the spread of the pandemic. In this backdrop, there may be intra-sectorial shifts into low-productivity agriculture (World Bank, 2020b).

China experienced a rapid economic rebound, but it was uneven, with consumer services lagging behind industrial production. Several services sectors, particularly tourism, is unlikely to recover from the downturn until effective management of pandemic leads to a regaining of confidence that encourages safe face-to-face interactions. Manufacturing has continued to recover in China, supported by increased foreign demand. Early effective management of COVID-19, coupled with unprecedented fiscal support, powered a rebound in activity in the third quarter of 2020 in Japan. After contracting by an estimated 5.3 per cent in 2020, economic activity is expected to expand by 2.5 per cent in 2021 as additional fiscal stimulus gets implemented, and with new COVID-19 cases brought down to lower levels (World Bank, 2021).

A robust recovery in the second half of 2021 is expected, particularly in view of the latest developments and spread of vaccination. The Asia and the Pacific region is expected to have the

smallest work hour losses in 2021, reflecting the recovery that was already underway at the end of 2020 based on an optimistic scenario. This however, assumed that the pandemic would be in control and there would be an upsurge in consumer and business confidence. However, as per the pessimistic scenario a strong rebound is not expected and instead, a much slower labour market recovery in 2021 is projected under this scenario, with higher work-hour losses (4.6 per cent relative to the last pre-crisis quarter) affecting equivalent to 130 million full-time workers. In the optimistic scenario, the work-hour losses in the Americas and Europe and Central Asia are expected to remain more than 2 per cent in 2021. Employment is expected to recover in 2021, but at the same time, working hour losses is expected to translate more into employment losses than into reduced working hours (ILO, 2021).

Although there was hope that the recovery is on the horizon, there are major concerns that businesses and workers that have been struck hard would benefit less from an improved economic condition in the coming days. These concerns have been captured by the concept of 'K' shaped recovery, where some parts of the economy and labour market benefit strongly from the recovery, while others are left behind (ILO, 2021). Some sectors of the economy suffered massively in the second quarter of 2020 across the world, particularly in the accommodation and food services, retail, and manufacturing in general. Even though the loss of employment was lower than the loss of work hours during the period, employment nonetheless decreased sharply by more than 20 per cent in accommodation and food services and in other sectors too. These sectors were also badly affected in the third quarter of 2020, while job destruction continued in construction, retail, and manufacturing in this quarter. On the other hand, employment both in information and communication sectors and in financial and insurance activities continued to increase in the second and third quarters, reflecting the increasing demand for digital services, along with the strong performance of financial markets during this period. Employment in the information and communication sector rose by 5.0 per cent in the second quarter, and in the financial and insurance activities by 3.4 per cent. Employment also increased, most notably in the third quarter, in mining and quarrying and in utilities.

In general, these diverging sectoral patterns can be observed across many countries. The magnitude of sectoral differences and their changes has varied considerably between countries. Some countries have experienced greater divergence than others between the various sectors, either due to strong policy support to stimulate the labour market or because the sectors were relatively less affected by the coronavirus. Brazil, Costa Rica, Spain, and the United States have experienced greater intersectoral divergence than other countries (ILO, 2021).

Inequality is expected to increase due to the job losses because of the pandemic. In the United States and the United Kingdom, a higher number of job losses occurred at the lower end of labour market distribution, leaving high paid jobs more or less intact. Indeed, job recovery has been stronger at the upper end of the labour income distribution, while demand for low-paid jobs has continued to be weak. In middle-income countries, the pandemic has reduced employment in both lower-medium, and medium paid jobs. In higher paid jobs, there has been a decline in post-support labour income rather than loss of employment. Here, post-support labour income implies all income related to work, including income transfers. The share of lowest-paid jobs remained stable (ILO, 2021).

The aforesaid scenario would have experienced some change for the worse in view of the second

wave of the pandemic in some countries. On the other hand, in view of the vaccination of an increasingly large number of people (mostly in developed countries such as the United States and Europe), the labour market situation is seeing tangible improvement in recent months.

2.4. Possible implications of SDG 8 attainment for COVID-19 recovery and future adjustments

The 8th Five Year Plan (8FYP) of the government was prepared and published at a time when the economy was in turbulent waters due to the uncertainties imposed by the COVID-19 pandemic. Job creation was considered to be a top priority of the 8FYP in view of the economy facing challenges due to the short-term unemployment originating from the pandemic, including the retrenchment of overseas workers (GED, 2020c). Of the six core themes that inform the 8FYP, the first two are directly related to employment restoration and generation in view of COVID-19 (GED, 2020c). Recovery from COVID-19 and achieving the SDGs are two major objectives of the 8FYP.

The 8FYP acknowledged the spike in poverty caused by income and employment losses due to COVID-19. In this backdrop, job creation was mentioned as the top priority of the 8FYP with the objective of reversing job losses as a tool to eliminate extreme poverty by F2031. Implementation of inclusive growth strategies was expected to create more employment compared to the 7FYP. The idea is to absorb the newly unemployed workers who have been affected by the COVID-19 crisis. Attaining the full benefits of the demographic dividend by retrieving lost opportunities was a central plank of the 8FYP strategy. The inclusive growth strategy of the 8FYP focus on seven themes: boosting overseas employment, strengthening the modern services sector, infusing dynamism in the micro and small enterprises, and promoting labour-intensive export-oriented manufacturing-led growth, encouraging agricultural diversification, and promoting ICT-based entrepreneurship (GED, 2020c).

Available data suggest that the job creation target for the domestic economy was not fulfilled during the 7FYP period. Only 1.2 million jobs are estimated to have been created per year as against the target of 2.2 million. However, overseas job creation was way above the targeted, 0.7 million per year compared to the targeted 0.4 million. This helped to offset the negative effect of less job creation in the domestic economy. Since the 7FYP failed to obtain the target of job creation, 8FYP must put a much stronger focus on job creation. The pro-poor nature of growth largely depends on three important factors: growth in employment, improvement in labour productivity and increase in real wages. Growth and employment are inter-connected, and reduction in one causes the reduction in another. However, in case of jobs to be created, quality is no less important than numbers. The increase in the number of informal workers in Bangladesh, which inform the rise in total employment, has been a concern as it undermines the cause of creating more decent jobs. Taking lessons from the shortfall in the 7FYP period, which was partially caused by slower growth of manufacturing employment and stagnation of the RMG sector, the 8FYP faced a policy challenge in ensuring GDP growth acceleration with the creation of more decent jobs in the economy. This would call for a faster pace of creation of jobs compared to the recent years, particularly in manufacturing, construction, transport, trade, and professional services. This is necessary to increase the share of jobs in the formal sector. All considered, the job creation effect of growth is a must to obtain an inclusive growth objective, as envisaged in the 8FYP (GED, 2020c).

The focus of 8FYP has to be creation of more jobs through growth to absorb new entrants in the labour market and those who lost job because of the COVID-19 outbreak. The objective is to be able to maintain employment elasticity of GDP to 0.30 in the 8FYP period. The government expects to take proactive measures towards more overseas employment once the global recovery from COVID-19 is underway in FY2022. In order to boost female labour participation, it is mentioned in the 8FYP that all legal provisions will be implemented in order to eradicate gender discrimination and violence against women (GED, 2020c). This is expected to have a positive impact on increasing female labour force participation rate in the economy.

Despite having several initiatives, including the adoption of the National Youth Policy 2017 and several training programmes by the government, progress in the area of youth employment during the 7FYP period fell well below the expectations. The percentage of youth unemployment increased from 8 per cent in 2013 to 10.6 per cent in 2017. The 8FYP has tried to address this issue by intending to boost services exports, including ICT services and tourism services, which are labour intensive and can turn into major drivers for growth and employment, particularly for the educated youth. In this regard, the 8FYP aims to stimulate ICT activities through a reduction in ICT taxes, limiting all regulatory barriers and expanding ICT education and training. Furthermore, to increase youth employment, the 8FYP aims to build on the positive track record of overseas employment and greater remittance earnings. Thus, an effort will be made to send more workers overseas and create more opportunities for a higher flow of remittances. Overseas employment has been beneficial particularly to the youth by providing them with income earning opportunities. The remittance inflow has contributed to a significant transformation of the rural economy. The importance of reviving the CMSMEs during pandemic has been revealed through experiences across the countries. 8FYP also puts emphasis on this (GED, 2020c). The less educated youths' reliance on CMSMEs has been recognised, and the plan intends to enhance the institutional and financial support to them through converting the SME Foundation into Small Business Agency (SBA) as a one-stop-shop to promote SMEs (GED, 2020c). The 8FYP also took into account the needs of the Fourth Industrial Revolution, which will call for targeted skill-enhancing programmes (GED, 2020c).

In order to reduce the dependency on RMG exports, the 8FYP has prioritised the production and exports of non-RMG manufacturing to bring further diversification in production and export. More expansion of employment will be attempted in non-RMG manufacturing industries such as food processing and leather and footwear, which are labour intensive sectors with large external markets. Agriculture exports will be promoted to increase farm income and employment in non-crop activities, especially fisheries, fruits and vegetables, and dairy products. Moreover, there would also be an emphasis on promoting import substitution activities by increasing domestic demands for a range of consumer goods. Together, increased export demand of labour-intensive production, and increased domestic demand was expected to help absorb the large number of unemployed workers affected by COVID-19 (GED, 2020c). As is understood, the 8FYP aims not only to create employment at a faster pace it also envisages to create incremental job opportunities in the formal sector. However, it needs to be acknowledged that formalisation of the informal sector is also critical in order to enhance formal job growth. Indeed, as informal jobs are found to be more susceptible to the COVID-19 pandemic, such efforts should be included in the medium term strategy of the country.

Analytical Framework

3.1 Conceptual framework

When it comes to any crisis, such as the ongoing COVID-19 pandemic, an immediate question arises as regards how economies and economic agents are responding to the changed scenario. In general, responses to shocks can be associated with consumption smoothing, but these may vary based on the nature and source of shocks. For example, shocks can be idiosyncratic or covariate in nature. At the same time, they can be exacerbated by other factors making the attribution to a particular shock problematic. The uncertainties associated with shocks creates the need for addressing longer-term issues beyond immediate arrangements (Bhattacharya et al., 2021).

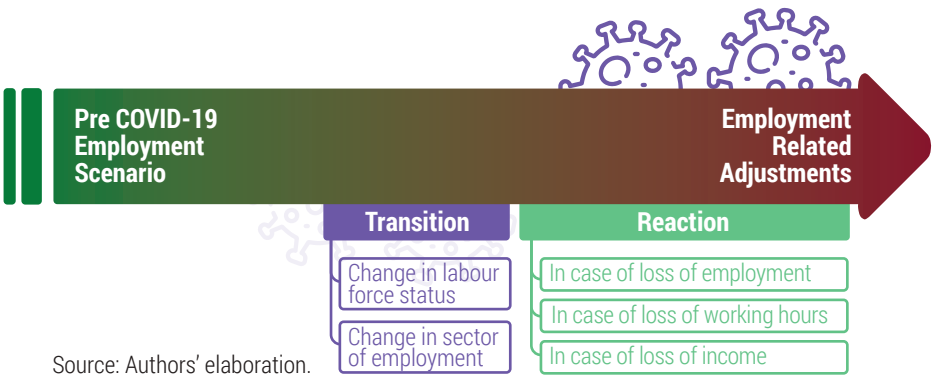
In the prevailing literature on response to shocks, an overwhelming presence of a number of jargons can be observed. For instance, coping strategies generally refer to reactive, rapid, and ad hoc or temporary responses or remedial actions. Often these entail a short-term vision on the part of affected actors in view of an emergent shock in order to survive and mitigate the impact of the shock (CARE, 2010; Davies, 1993; UNOCHA, 2012; WHO, 1998). The term adaptation is mostly used in cases related to climate change and natural disaster (Ayers and Dodman, 2010; Huq and Reid, 2004; Schipper, 2007). The main point of divergence between coping and adaptation emerges from the relevant timeframe as the latter is usually associated with a longer-term vision of adjustment. Resilience is often differentiated from adaptation in the sense that while the former involves acquiring new capabilities and emerging stronger, the latter entails the changes to fit with new circumstances (Wong-Parodi et al., 2015). In fact, resilience can be linked to the attainment of capacities in order to absorb shocks, adapt to the difficulties of shocks and anticipate shocks (Bhattacharya et al., 2021). While each of the aforementioned terminologies has a very context-specific and particular scope of definition, oftentimes, they are used in a conterminous manner that blurs the lines between those.

Instead of resorting to any of the aforesaid jargons, the current study applied the term adjustment when it comes to the responses taken by individuals in the areas of employment and income in view of the COVID-19 pandemic. In this case, the adjustment process refers to the short-term changes in employment status (e.g., occupation, economic sector, type, working hours etc.) in order to restore to the earlier situation as well as process change or feature change to fit with new situation. The adjustment process can be considered conceptually different from coping or resilience in the sense that the former deals with the measures taken to face a shock, while the latter relates to the capacity

to recover from a shock and get back to the benchmark situation. Broadly, adjustment can be considered a hybrid between coping and adaptation.

For the present study, employment-related adjustment process has been primarily examined using five major trends. These can be categorised under two broad clusters, viz. transition and reaction. The transition cluster includes two trends, namely, change in labour force status (e.g., from employed to unemployed) and change in the sector of employment (e.g., from agriculture to industry). The reaction cluster involves the individuals' adjustments while facing the adversities of the pandemic, viz. loss of employment, working hours or income. A detailed description of the five major trends is presented in Chapter 4. However, it must be taken into cognisance that the overall adjustment process in the areas of income and employment is by no means limited to these five trends. A graphical representation of the clusters and the associated trends is provided in Figure 3.1.

Figure 3.1: Employment-related adjustments in view of COVID-19



Source: Authors' elaboration.

Besides the individual level adjustments, the present study also looked into household-level adjustments, although at a limited scale. For this study, individual income/income has been categorised as wage earning of day labourer, partial wage earning of self-employed worker, salary earning of employed worker, partial earning/draw of business owner, dividend of shareholder and all other form of total compensation received by an individual for their productive activities in the respective sources. The current study followed the standard concepts and definitions related to employment – details of which can be found in BBS (2018). However, for unemployment related queries, the present study has considered a reference period of seven days instead of following the usual practice (i.e., reference period of 30 days).

3.2 Survey methodology

The present study employed an integrated research approach which involves both quantitative and qualitative tools and techniques. As part of the quantitative tools, a nationally representative household survey was conducted in 16 districts of Bangladesh. Focus group discussions (FGDs) were carried out as part of the qualitative tools. The collected data, both quantitative and qualitative, was disaggregated by location, age and gender, among other dimensions. Fieldwork for the survey was conducted between late January and early February 2021.

In order to generate statistically valid estimates, calculating the required sample size of a survey generally involves three steps. First, a desirable and feasible level of precision has to be determined. Second, the sampling process has to be adjusted for design effect. Since the sample selection for the present study was carried out through a (multi-stage) clustered approach, the design effect was accordingly adjusted based on intra-cluster correlation (ICC). The third step related to the sampling process is the correction for the finite population. Since, in the present case, the sample size was not more than five per cent of the total target population, this step was not necessary.

In order to determine the required sample size for the household survey, the approach for calculating sample size requirement for binary estimates (i.e., proportions) from a target population was taken. In this approach

$$n=\frac{pqz^2}{D^2}$$

Where, n denotes the sample size, p indicates the proportion or percentage estimate expected for a specific indicator, q represents the fraction who do not share the aforesaid characteristics (i.e., $p=1-q$), z is the z-statistics for a specific confidence level, and D stands for the absolute level of precision. Considering p =0.2 (i.e., 20.1 per cent), 95 per cent confidence level (implying a z-statistics of 1.96) and an absolute level of precision of 0.05 (i.e., 5 per cent), a required sample size of 247 can be reached.

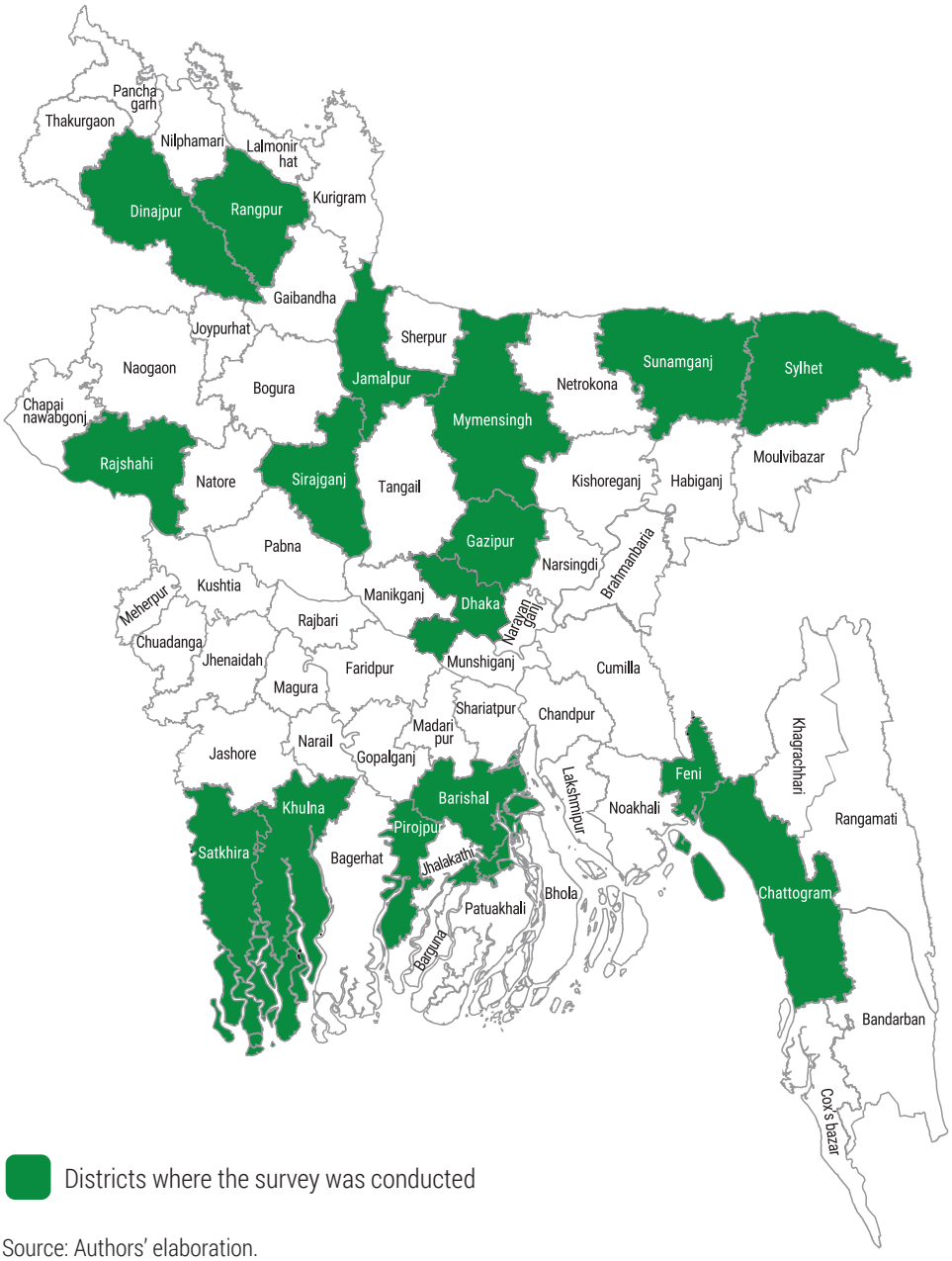
As the second step, the design effect estimate was carried out by multiplying the sample size determined in the previous step using the equation below:

$$Deff = 1+ (M-1) \times ICC$$

In this equation, M denotes the number of observations in each of the sampled clusters (assuming equal numbers), and ICC represents the level of correlation in the outcome indicator among the observations within the clusters. Considering an ICC of 0.02 (implying a relatively low level of correlation) and 25 observations (in this instance, households) per cluster, the design effect was calculated to be 1.48. Multiplying the sample size determined in the first step (247) with the calculated design effect (i.e., 1.48), a required sample size of 366 for each population group or stratum was derived.

Given that the focus of the survey was on employment and income, seven employment sub-sectors/clusters were considered. These include agriculture, forestry and fishing, manufacturing, construction, wholesale and retail trade, repair of motor vehicles, transportation and storage, accommodation and food services activities, and other services. This takes the required total sample size to 2,562. Using the LFS Frame, 104 primary sampling units (PSUs) were selected. Equal representation of rural and urban areas was ensured while selecting these PSUs. Considering 25 households from each PSU, a total of 2600 households were selected for the survey under the present study. National estimates which include all of the strata took into account population weight factors based on LFS and the stratification used in the sampling process. A total of 16 districts were included in the survey (Figure 3.2).

Figure 3.2: Districts considered for the household survey



Source: Authors' elaboration.

Given that this survey was conducted during the ongoing pandemic periodic, adequate health and safety protocol was followed during the data collection process. The quality of data collection was strictly maintained and regularly checked by the surveyor organisation. In addition, best practices in usual data management steps (editing, coding, merging etc.) were followed. The dataset was

regularly checked for inconsistencies, with due rigour and caution. Finally, all STATA codes to reproduce the results were stored.

Besides the household survey, 16 FGDs were conducted as part of the qualitative research in order to complement the household survey findings. These FGDs were carried out with participation of eight predefined groups, which included RMG workers, returnee migrants, retail or sales workers, construction workers, transport workers, MSME entrepreneurs, hotel and restaurant workers, and domestic help (cleaning or housemaid). The number of participants varied from seven to ten persons for each FGD. These were conducted in Dhaka, Chattogram, Rajshahi and Khulna.

As part of the survey, both quantitative and qualitative, information was collected on respondents' education, training, the status of work, occupation, income, expenditure, perception as regards the impact of the pandemic, and adjustment in terms of employment, among others. Data collected through the household survey was analysed to generate descriptive statistics. Key variables of interest were disaggregated as per the research requirement. Descriptive statistics from the household survey and findings from the qualitative survey complemented each other while seeking answers to the research questions.

Impact on and Adjustment of Labour Market and Employment

4.1 Impact of COVID-19 on employment status and income

Share of labour force in total working age population, i.e., labour force participation rate, has increased despite the pandemic.

The labour force participation rate (LFPR) has increased between February 2020 and the survey period (late January-early February 2021) even in view of the ongoing COVID-19 crisis which was first reported in Bangladesh back in March 2020. This is evident from the LFPR at the national level, which has increased from 48.92 per cent in February 2020 to 51.16 per cent in the survey period. The trend is also similar for both rural and urban areas (Table 4.1). Between February 2020 and the survey period, the number of people in the labour force rose by 4.58 per cent.

Table 4.1: Share and growth of working age population aged 15 or older, by labour force status and area (in per cent)

Labour force status	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
Labour force	49.79	46.88	48.92	52.05	49.08	51.16	4.53	4.70	4.58
Not in labour force	50.21	53.12	51.08	47.95	50.92	48.84	-4.50	-4.14	-4.39
Total	100.00	100.00	100.00	100.00	100.00	100.00	0.00	0.00	0.00

Source: Calculated from household survey data.

The rise of LFPR was driven primarily by increased participation of 15-29 years old between February 2020 and the survey period. Women's increased participation in the labour force was also a key driver.

As can be evinced from Table 4.2, the rise in labour force participation between February 2020 and the survey period was stimulated by the youth labour force aged between 15 to 29 years.

The incremental share for this particular age group was 64.70 per cent at the national level during the aforementioned period. The increase is evident in both rural and urban areas and across the genders. Increased participation by women has also been a key driver nationally as the incremental share of the female labour force, including all age groups, is 53.28 per cent. Labour force participation has increased particularly for the females aged 30 to 64 years at the national level.

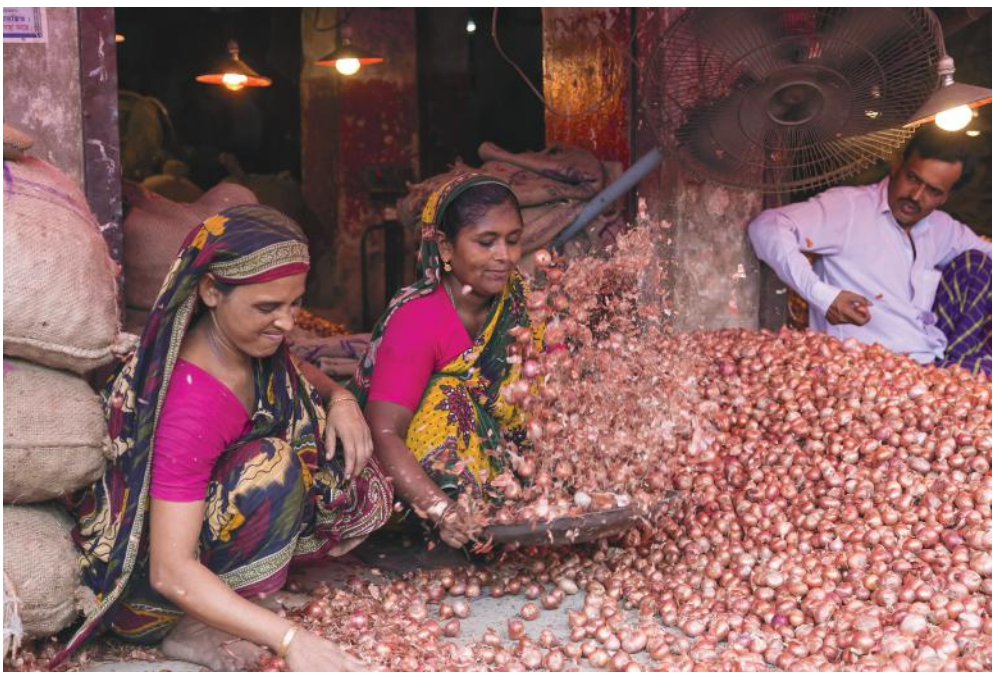


Table 4.2: Incremental share of labour force aged 15 or older, between February 2020 and survey period, by age group, gender and area (in per cent)

Age group	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-29	24.79	14.59	39.38	16.92	8.40	25.32	41.71	22.99	64.70
30-64	6.57	23.62	30.19	-3.58	6.08	2.50	2.98	29.70	32.69
65+	1.14	0.00	1.14	0.88	0.59	1.47	2.02	0.59	2.61
Total	32.50	38.21	70.71	14.22	15.08	29.29	46.72	53.28	100.00

Source: Calculated from household survey data.

In terms of educational attainment, an increase of LFPR was observed across the board between February 2020 and the survey period, with a particular increase in the case of urban tertiary educated people.

In February 2020, the LFPR of urban tertiary educated people was 50.50 per cent which increased to 55.50 per cent in the survey period (Table 4.3). Interestingly, the LFPR has also increased nationally for people who have obtained no education, from 49.50 per cent in February 2020 to 51.40 per cent in the survey period. The LFPR of people who studied up to primary education was lower in February 2020 (59.10 per cent) compared to the survey period (60.60 per cent) at the national level.

Table 4.3: Labour force participation rate (for aged 15 or older), by educational qualification and area (in per cent)

Educational qualification	February 2020			Survey period		
	Rural	Urban	National	Rural	Urban	National
None	50.90	45.30	49.50	53.20	46.10	51.40
Primary	59.80	57.30	59.10	61.20	59.10	60.60
Secondary	40.90	42.50	41.40	43.90	45.10	44.30
Higher secondary	37.40	34.20	36.10	40.70	37.00	39.20
Tertiary	55.80	50.50	53.40	56.00	55.50	55.80
Others	38.00	28.90	34.80	42.10	32.70	38.80
Total	49.79	46.88	48.92	52.05	49.08	51.16

Source: Calculated from household survey data.

Total number of employed people rose between February 2020 and the survey period despite the pandemic, with major part of increase coming from those aged between 15-29 years.

The number of employed people rose by 4.38 per cent between February 2020 and the survey period (Table 4.4). The growth was mostly driven by the youth cohort aged between 15 to 29 years. As can be observed from Table 4.4, at the national level, the share of the employed population aged 15 to 29 was 26.41 per cent in February 2020, which increased to 27.94 per cent in the survey period. This picture is similar for both rural and urban areas. The growth of employed people from this particular age group during the aforementioned period was 10.40 per cent which is much higher than the national growth rate of 4.38 per cent. Although 30-64 year olds constitute the majority of the employed population, the growth in their number was lower compared to the national level.

Table 4.4: Share and growth of employed population aged 15 or older, by age group and area (in per cent)

Age group	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
15-29	26.12	27.15	26.41	27.46	29.15	27.94	10.02	11.33	10.40
30-64	68.90	69.16	68.98	67.71	67.06	67.53	2.84	0.56	2.19
65+	4.98	3.69	4.61	4.83	3.79	4.53	1.49	6.51	2.63
Total	100.00	100.00	100.00	100.00	100.00	100.00	4.65	3.70	4.38

Source: Calculated from household survey data.

Share of employed population has increased in agriculture, decreased in services and remained nearly stagnant in the industry sector, both nationally and at the disaggregated level, after COVID-19.

The share of agriculture in the employed population has increased between February 2020 and the survey period, both nationally and location-wise (Table 4.5). The overall growth in employment between February 2020 and the survey period appears to be driven by the increased employment in

agriculture at both national and disaggregated level, which is evident from the sector's considerable share in employment and its substantial growth. Even though the overall share of employment is much higher in the services sector, the growth at the national level is negative (-1.54 per cent).

Table 4.5: Share and growth of employed population aged 15 or older, by broad economic sector and area (in per cent)

Sector	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
Agriculture	31.03	7.43	24.31	34.89	8.91	27.54	17.66	24.36	18.24
Industry	18.65	25.36	20.56	18.32	25.88	20.46	2.80	5.84	3.86
Services	50.31	67.21	55.13	46.78	65.21	52.00	-2.69	0.61	-1.54
Total	100.00	100.00	100.00	100.00	100.00	100.00	4.65	3.70	4.38

Source: Calculated from household survey data.

Increase in employment has been on account of people with secondary education or no education.

The share of employed people with secondary education has increased from 28.42 per cent in February 2020 to 29.27 per cent in the survey period nationally (Table 4.6). Over the same timeframe, the growth in the number of people with secondary education was 7.51 per cent at the national level.

Table 4.6: Share and growth of employed population aged 15 or older, by education level and area (in per cent)

Education Level	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
None	26.34	19.13	24.28	26.27	18.93	24.19	4.40	2.62	4.00
Primary	38.71	34.48	37.50	37.60	33.62	36.47	1.65	1.11	1.51
Secondary	26.61	32.96	28.42	27.58	33.56	29.27	8.45	5.61	7.51
Higher secondary	4.27	6.07	4.78	4.34	6.55	4.96	6.49	11.77	8.40
Tertiary	3.61	6.88	4.54	3.71	6.82	4.59	7.70	2.75	5.56
Others	0.47	0.48	0.47	0.50	0.53	0.50	10.79	13.36	11.53
Total	100.00	100.00	100.00	100.00	100.00	100.00	4.65	3.70	4.38

Source: Calculated from household survey data.

A similar trend can also be observed in the case of employed people with no education as their share in total employment remained identical between February 2020 and the survey period with a 4.00 per cent growth. Although people with primary education constitute the largest share of employment, their growth was below the national level.

Major part of the increased employment came from people who are engaged as self-employed, contributing family members or day labourers. Of particular interest in this regard is the higher employment for women in rural areas, particularly as self-employed and contributing family members.

As Table 4.7 reveals, most of the increased employment after COVID-19 has been on account of people who are engaged as self-employed, contributing family members or day labourers, which is evident from the values of the incremental shares of such categories. Women who are working as self-employed and contributing family members show incremental shares of 24.44 per cent and 17.46 per cent, respectively. The increase in women's employment in the aforesaid two categories is particularly prominent in rural areas. The negative incremental share of urban males involved as employees (-0.47 per cent) implies that the number of urban male employees has reduced between February 2020 and the survey period. The trend is similar for the urban male interns or trainees and for those who are engaged in other forms of employment in both rural and urban areas.

Table 4.7: Incremental share of employed population aged 15 or older, between February 2020 and survey period, by employment status, gender and area (in per cent)

Status in employment	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employer	-0.22	1.66	1.44	1.61	0.00	1.61	1.39	1.66	3.05
Self-employed	7.20	17.44	24.64	5.02	7.00	12.02	12.21	24.44	36.66
Contributing family member	5.39	15.34	20.73	2.01	2.12	4.13	7.40	17.46	24.86
Employee	7.99	1.59	9.58	-0.47	1.49	1.02	7.52	3.08	10.61
Day labourer	14.73	6.93	21.67	4.30	1.01	5.30	19.03	7.94	26.97
Apprentice/ intern/trainee	1.20	0.15	1.35	-0.08	0.00	-0.08	1.12	0.15	1.28
Domestic worker	N/A	-0.10	-0.10	N/A	1.24	1.24	0.00	1.14	1.14
Others	-0.87	-2.51	-3.39	-1.60	0.42	-1.18	-2.47	-2.09	-4.56
Total	35.42	40.50	75.93	10.79	13.29	24.07	46.21	53.79	100.00

Source: Calculated from household survey data.

Total number of unemployed people increased significantly while urban people, particularly those aged 15-29, suffered the most as regards unemployment.

The number of unemployed people has increased by 19.55 per cent between February 2020 and the survey period (Table 4.8). In this regard, the urban people have suffered the most, particularly the youth aged 15 to 29. The share of the urban unemployed population aged 15 to 29 was 70.55 per cent in

February 2020, which increased to 81.39 per cent in the survey period. In this period, growth in unemployed youth (15-29 years old) was 28.92 per cent nationally and a whopping 90.91 per cent in urban areas. However, in rural areas, the scenario is the opposite. The overall negative decline in unemployed youth (-5.00 per cent) was driven by a notable reduction among the youth cohort (-7.77 per cent).

Table 4.8: Share and growth of unemployed population aged 15 or older, by age group and area (in per cent)

Age group	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
15-29	63.69	70.55	66.08	61.84	81.39	71.26	-7.77	90.91	28.92
30-64	33.14	29.45	31.86	34.83	18.61	27.01	-0.16	4.58	1.37
65+	3.17	0.00	2.06	3.33	0.00	1.73	0.00	N/A	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	-5.00	65.49	19.55

Source: Calculated from household survey data.

People with primary education have found it more challenging to find a job.

The incremental share of the unemployed people with primary education was an astonishing 156.97 per cent at the national level - indicating a massive spike in unemployment for the primary educated (Table 4.9). The scenario is also similar at the disaggregated level: 81.19 per cent for the rural areas and 75.78 per cent for the urban areas. People who studied up to the secondary level have fared better than their cohorts in this regard as the number of unemployed has decreased for such people since the start of COVID-19 crisis. This is evident from the rural incremental share of (-) 58.06 per cent and the incremental

Table 4.9: Incremental share of the unemployed population aged 15 or older, between February 2020 and survey period, by education level, gender and area (in per cent)

Education level	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
None	0.00	4.59	4.59	7.40	-23.57	-16.17	7.40	-18.98	-11.58
Primary	72.14	9.06	81.19	57.84	17.93	75.78	129.98	26.99	156.97
Secondary	-64.16	6.11	-58.06	-6.08	23.98	17.90	-70.24	30.09	-40.16
Higher secondary	28.51	0.00	28.51	-21.58	1.93	-19.66	6.93	1.93	8.86
Tertiary	-52.93	-19.98	-72.92	34.02	24.79	58.82	-18.91	4.82	-14.09
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	-16.44	-0.23	-16.66	71.60	45.07	116.66	55.16	44.84	100.00

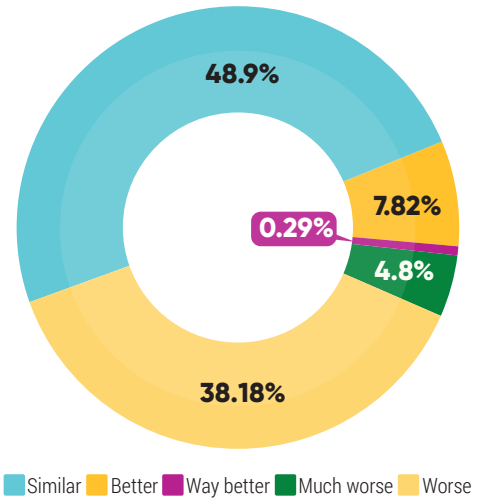
Source: Calculated from household survey data.

national share of (-) 40.16 per cent for people with secondary education. In general, women, irrespective of their education level, suffered because of the pandemic, particularly in the urban areas. However, the negative incremental share of unemployment for women with tertiary education in rural areas (-19.98 per cent) suggests that their number has decreased after COVID-19.

A significant part of people feels that their employment situation has worsened as a result of the COVID-19 pandemic.

About 43 per cent of the employed population have stated that the pandemic has made their employment situation worse when compared to the pre-COVID-19 period (Figure 4.1). About 48.91 per cent of survey respondents, however, thought that their employment situation has been similar before and after the COVID-19 outbreak.

Figure 4.1: Comparison between pre and post COVID-19 employment situation based on respondents' perception (excluding not applicable responses)



Source: Calculated from household survey data.

A decline in average weekly working hours can be observed in agriculture and industry sectors, with working hours in services being mostly unaffected at the national level.

Average weekly working hours in the agriculture sector decreased from 37 hours in February 2020 to 34 hours in the survey period, and there was a decrease from 55 hours to 53 hours over the same timeframe in the industry sector. At the disaggregated level, the average weekly working hours in urban areas has increased in the services sector from 52 hours in February 2020 to 53 hours in the survey period. The overall negative growth in average weekly working hours between February 2020 and the survey period has been mostly driven by the agriculture sector (Table 4.10). It is interesting to note that, at the aggregate level the level of decline in average working hours has been similar to the increase in employment between the two periods. Hence, it may be inferred that the rise in employment has also produced increased underemployment and hidden unemployment in Bangladesh due to the COVID-19 pandemic.

Table 4.10: Average weekly working hours per employed person, by broad economic sector

Broad economic sector	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
Agriculture	37	34	37	35	29	34	-5.41	-14.71	-8.11
Industry	56	53	55	54	50	53	-3.57	-5.66	-3.64
Services	54	52	54	54	53	54	0.00	1.92	0.00
Total	49	51	50	48	50	48	-2.04	-1.96	-4.00

Source: Calculated from household survey data.

At the aggregate level, a fall in income can be observed irrespective of people's sector of occupational background, location or gender.

Among all the sectors, the agricultural sector has suffered the most in terms of reduced income at both national and disaggregated levels (Table 4.11). In urban areas, a significant drop in income was observed in the cases of agriculture, wholesale and retail trade, repair of motor vehicles, and accommodation and food services activities. For rural areas, the most affected sectors were agriculture, manufacturing, wholesale and retail trade, and repair of motor vehicles. Although there are sector specific variances, in the aggregate, income for both men and women fell between February 2020 and the survey period, irrespective of their location.

From the FGDs, it was found that RMG workers received 65-70 per cent of their salaries during the first two months of the lockdown until regular working hours were restored by mid-May 2020. Retail or sales workers were affected with loss of working hours and reduction of salary except for medical salesman. Respondents of Rajshahi New Market encountered a 50 per cent reduction in salary, but it eventually has gotten better. Transportation workers had very few to no working hours due to the policy of lockdown and had no income for up to three months. Domestic help (cleaner or housemaid) lost job immediately after the lockdown for two-three months; some were affected due to the employer's shift to a different location. According to the MSME entrepreneurs of Rajshahi, there was no income as shops were closed for two months. Others mentioned there was little to no income during the lockdown in April-May 2020. Some MSME entrepreneurs in Khulna encountered financial crisis on a larger scale as they had no work for almost a year. One mentioned earning a fraction compared to his previous income. They also reported getting very few orders for their products. Hotel and restaurant workers had to immediately close down shops and resumed job after three and a half months of unemployment. For instance, respondents in Khulna informed no source of income for three months due to the lockdown. Construction workers were unemployed for two months on average but got back their previous job. However, for some respondents of this group, the impact of the pandemic was much deeper. For example, respondents of Khulna said there was no source of income, and they ended up being unemployed for four/five months.

Table 4.11: Growth rate of average monthly income of individuals, between February 2020 and the survey period, by occupation, location and gender

Sector of occupation	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Agriculture, forestry and fishing	-10.53	-9.02	-15.20	-17.93	-30.01	-29.07	-11.23	-11.04	-16.50
Manufacturing	-8.69	-18.38	-13.83	-5.74	-10.35	-10.68	-7.85	-14.48	-12.75
Construction	-6.21	64.83	-5.54	-13.57	5.24	-12.94	-9.00	25.10	-8.39
Other industries	-0.15	15.06	2.06	-0.06	6.12	4.70	-0.34	5.14	2.09
Wholesale and retail trade, repair of motor vehicle	-12.52	-5.01	-12.73	-15.34	-20.41	-15.57	-13.59	-15.38	-13.86
Transportation and storage	-7.39	0	-7.39	-10.99	100.00	-11.02	-8.65	100.00	-8.66
Accommodation and food services activities	-5.37	28.79	12.65	-33.82	61.68	-19.17	-20.58	45.80	-4.06
Other services	-10.31	10.03	-5.97	-11.34	-6.40	-11.24	-10.84	4.43	-7.87
Total	-10.08	-11.59	-11.31	-12.35	-11.19	-12.97	-10.86	-11.54	-11.92

Source: Calculated from household survey data.

Monthly income has decreased after COVID-19 had struck, regardless of age, gender or location.

Reduction in monthly income was relatively low for the people aged between 15 to 29 at the national level (Table 4.12). On the other hand, a significant decline was observed in the cases of people aged 65 years or older. People aged between 30-64 years, who constitute the largest share of the employed population, also experienced a considerable fall in income, irrespective of their gender or area.

Table 4.12: Growth rate of average monthly income of individuals, between February 2020 and survey period, by age groups, area, and gender

Age group	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-29	-10.49	-8.00	-10.96	-8.75	-8.49	-8.61	-9.96	-8.67	-10.20
30-64	-9.53	-14.04	-11.14	-12.24	-12.61	-13.29	-10.57	-13.53	-12.02
65+	-14.58	-2.72	-13.99	-18.20	-16.19	-19.41	-15.46	-6.59	-15.31
Total	-10.08	-11.59	-11.31	-12.35	-11.19	-12.97	-10.86	-11.54	-11.92

Source: Calculated from household survey data.

A large number of people fell into lower-income categories after COVID-19 had struck.

The aforesaid trend is particularly pertinent if the first three income categories are taken into cognisance. As can be seen from Table 4.13, the share of individuals under these income categories has increased between February 2020 and the survey period at the national level. The scenario is also similar for rural and urban areas. Among these low-income categories, the second one (Tk. 2600- Tk. 5000) included higher number of individuals over the timeframe between February 2020 and the survey period, particularly in the rural areas, as evident from the growth of 28.67 per cent (national) and 32.44 per cent (rural).

Fall of income is also observed if it is viewed from individuals' status of employment. This is particularly prominent in cases of self-employed, domestic workers and employers.

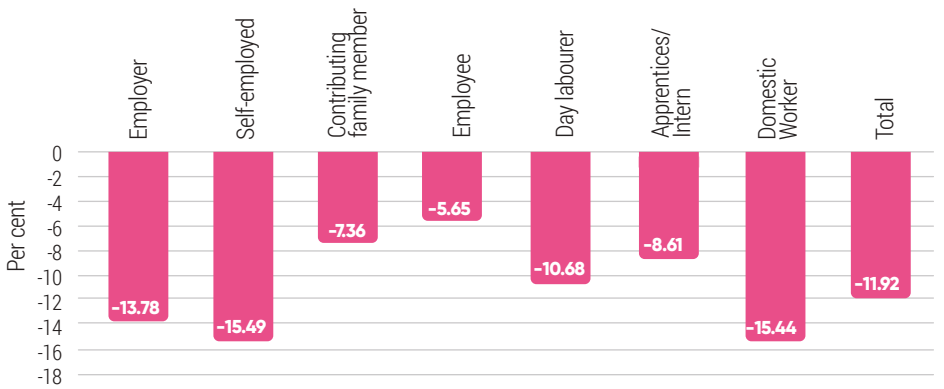
At the national level, a drop in income can be observed for individuals under every status of employment (Figure 4.2). The decline is especially high in cases of self-employed, domestic workers and employers as their average monthly income have reduced the most over the timespan between February 2020 and the survey period. This is reflected through the growth rate of (-15.49 per cent), (-15.44 per cent) and (-13.78 per cent), respectively. The reduction in income during the aforementioned period is the lowest for the people who are working as employees (-5.65 per cent).

Table 4.13: Income category wise distribution of individuals during February 2020 and survey period (in per cent)

Income Category (in Tk.)	Share						Growth		
	February 2020			Survey period			Between February 2020 and survey period		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
0-2500	18.75	9.05	15.99	22.03	12.78	19.41	22.92	46.5	26.72
2600-5000	10.83	10.72	10.80	13.70	12.32	13.31	32.44	19.13	28.67
5100-7500	13.32	12.97	13.22	15.43	15.83	15.54	21.15	26.58	22.67
7600-10000	28.46	29.13	28.65	26.46	29.30	27.26	-2.70	4.29	-0.68
10100-15000	22.05	23.18	22.37	18.07	19.94	18.60	-14.25	-10.79	-13.23
15100-20000	4.85	8.69	5.95	3.39	4.90	3.82	-26.8	-41.54	-32.94
20100-30000	1.46	4.72	2.39	0.77	3.83	1.63	-45.17	-15.93	-28.72
30100-40000	0.16	1.12	0.43	0.11	0.77	0.30	-25.94	-28.73	-28.00
40100-50000	0.06	0.17	0.09	0.05	0.28	0.11	-24.98	74.18	25.58
50000+	0.05	0.25	0.11	0.00	0.06	0.02	-100	-75.91	-83.77

Source: Calculated from household survey data.

Figure 4.2: Growth rate of average monthly income of individuals by the status of employment at the national level (in per cent)



Source: Calculated from household survey data.

For the overwhelming majority, the current monthly income is not enough to meet daily necessities.

More than 86 per cent of the respondents have claimed that their current monthly income is inadequate to meet their daily necessities, although the degree of inadequacy tended to vary. Only a small proportion of people (10.71 per cent) have reported their current monthly income to be just enough (Table 4.14).

Table 4.14: Perception about current monthly income of individuals as regards meeting daily necessities (this excludes 'not applicable' responses)

Perception about income	Share of respondents (per cent)
Not enough by a significant margin	27.84
Not enough by a little margin	58.46
Just enough	10.71
More than enough by a little margin	2.89
More than enough by a significant margin	0.10
Total	100.00

Source: Calculated from household survey data.

In terms of household income, a significant decline can be observed between February 2020 and the survey period. Household expenditure has also shown a declining trend, although the pace was slower than that of the income drop. Consequently, this was manifested in lower savings and higher demand for loans.

Between February 2020 and the survey period, a decline in average monthly household income was observed at the national level as also in rural and urban areas (Table 4.15). A similar trend can also be spotted in the case of household expenditure. However, the pace of decline in expenditure was lower compared to that of household income. In order to adjust to the income crunch, households had to resort to get their hands on savings; this is evident from the reduction in savings between February 2020 and the survey period. At the same time, households have acquired loans to cope up with the income drop, particularly in urban areas; this is evident from the growth in household loans.

Table 4.15: Average household income, expenditure, savings, and loans by area (in Tk.)

Particulars	February 2020			Survey period			Growth		
	Rural	Urban	National	Rural	Urban	National	Rural	Urban	National
Income	12363.24	15288.61	13209.10	11387.34	13890.06	12110.99	-7.89	-9.15	-8.31
Expenditure	11464.07	13593.85	12079.88	10823.33	13411.07	11571.56	-5.59	-1.34	-4.21
Savings	1629.99	1961.38	1725.81	1008.13	1213.70	1067.57	-38.15	-38.12	-38.14
Loans	415.22	483.93	435.09	840.96	1514.83	1035.80	102.53	213.03	138.07

Source: Calculated from household survey data.

The share of income by the lower five decile households, comprising 50 per cent of the population, has decreased between February 2020 and the survey period. As a consequence, inequality has increased during the aforementioned period.

For households belonging to the first decile, the income share was 3.35 per cent in February 2020, which reduced to 3.04 per cent in the survey period at the national level. Similarly, the income share has reduced from 8.32 per cent in February 2020 to 8.13 per cent after the pandemic for households belonging to the fifth decile. This trend is similar across the deciles at both national and disaggregated levels except for a few discrepancies. For instance, in rural areas, the income share has increased for people from the fourth decile during the aforementioned period. Similarly, in urban areas, the income share has slightly increased after the COVID-19 pandemic for people in third and fifth decile groups

Table 4.16: Percentage distribution of income accruing to household in groups (deciles) and Gini co-efficient in February 2020 and survey period

Decile group	February 2020			Survey period		
	Rural	Urban	National	Rural	Urban	National
Decile-1	4.47	2.33	3.35	3.91	2.24	3.04
Decile-2	6.73	4.19	5.40	6.28	4.13	5.17
Decile-3	7.77	5.30	6.48	7.32	5.43	6.34
Decile-4	7.88	6.89	7.36	8.41	6.17	7.25
Decile-5	8.56	8.09	8.32	8.07	8.19	8.13
Decile-6	10.66	7.60	9.07	9.25	9.35	9.30
Decile-7	10.68	10.54	10.61	10.82	9.66	10.22
Decile-8	12.14	11.60	11.86	13.21	11.26	12.20
Decile-9	13.51	15.62	14.61	15.31	14.40	14.84
Decile-10	17.60	27.85	22.94	17.42	29.18	23.53
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Calculated from household survey data.

4.2 Employment related adjustments in view of COVID-19

Labour force status did not change for the overwhelming majority of the working age population.

48.25 per cent of the working age population were out of the labour force both before and after COVID-19 (Table 4.17). 47.62 per cent of the working age population were employed both before and

after the pandemic had hit, while 0.13 per cent of the working age population continued to remain unemployed after COVID-19. Overall, labour force status did not change for 96 per cent of the working age population between February 2020 and the survey period.

The net transition of labour force status has been measured by looking into two opposite directions of labour force standings. For instance, while measuring the net transition of 'Not in labour force to Employed', two directions were considered. The first one is from 'Not in labour force' to 'Employed' status, which is a positive transition and associated with 2.40 per cent of the working age population. The second one is from 'Employed' to 'Not in labour force' status, which is a negative transition and associated with only 0.43 per cent of the working age population. By taking the difference between the two directions, it was found that 1.97 per cent of the working age population, who were not even in the labour force in February 2020, have obtained employment after COVID-19. This is certainly a positive development in terms of enhancement in labour force status. Similarly, 0.27 per cent of the working age population transitioned from 'Not in labour force' to 'Unemployed', and 0.14 per cent of the working age population transitioned from 'Unemployed' to 'Employed'. The former transition is positive in the sense that people who belonged to the 'Unemployed' status after COVID-19 have at least acquired the attributes to actively seek jobs and be a part of the labour force. By adding the three positive net transitions, it was found that labour force status has improved for about 2.40 per cent of the working age population.

Table 4.17: Labour force transition between February 2020 and the survey period (in per cent)

Change in labour force status	Share
Remained Not in labour force	48.25
Remained Employed	47.62
Remained Unemployed	0.13
Not in labour force to Employed	2.40
Employed to Not in labour force	0.43
Net transition: Not in labour force to Employed	*1.97*
Not in labour force to Unemployed	0.42
Unemployed to Not in labour force	0.15
Net transition: Not in labour force to Unemployed	*0.27*
Unemployed to Employed	0.37
Employed to Unemployed	0.22
Net transition: Unemployed to Employed	*0.14*

Source: Calculated from household survey data.

Total net transition to modern sectors declined during the COVID-19 period indicating a reverse structural transformation.

Table 4.18 shows that, of the people who were employed, 23.90 per cent, 18.73 per cent and 50.69 per cent have remained in the agriculture, industry, and services sectors, respectively, during the survey period. This implies that more than 93 per cent of the employed population did not change their broad sector of employment between February 2020 and the survey period.

For the current exercise, net transition in the sector of employment is considered positive when an individual moves from a primary sector to a secondary or tertiary sector and from a secondary sector to the tertiary sector. As can be seen from Table 4.18, there has been almost no transition from agriculture to industry after COVID-19, rather the reverse is true for 0.29 per cent of the employed people. In this case, the negative net transition from agriculture to industry indicates that 0.28 per cent of the employed have moved from industry to agriculture between February 2020 and the survey period. Similar trends are visible in the case of net transition between agriculture to services and net transition between industry to services. Summing up the three net transitions, one gets a negative value for total net transition, which implies that there has been no shift to modern sectors between February 2020 and the survey period. Rather, the reverse is true for 2.45 per cent of the employed population. The profile of the employed people in question suggests, about two-third of the labour who shifted from services to agriculture sector have primary or no education. This segment of the labour force mostly were employed in informal services sector.

Table 4.18: Sectorial transition of employment between February 2020 and survey period (in per cent)

Change in broad economic sector	Share
Remained in Agriculture	23.90
Remained in Industry	18.73
Remained in Services	50.69
Agriculture to Industry	0.00
Industry to Agriculture	0.29
Net transition: Agriculture to Industry	*-0.28*
Agriculture to Services	0.61
Services to Agriculture	2.46
Net transition: Agriculture to Services	*-1.85*
Industry to Services	1.50
Services to Industry	1.82
Net transition: Industry to Services	*-0.32*

Source: Calculated from household survey data.

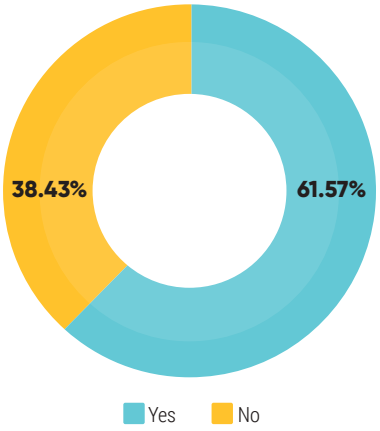
From the FGDs, it was found that the RMG workers and retail and sales workers had very little to none to show in terms of shift of employment sector. There was a slim opportunity for domestic helps to change sector as this was the only job they were accustomed to. One construction worker from Chattogram sold coconuts temporarily then reverted to the previous sector. Some tried selling various kinds of food items in a van, and some resorted to farming. Most of the migrant workers were at risk as they had already spent their savings and ended up borrowing, and were unable to find employment in the domestic economy.

A considerable part of the people who were employed in February 2020, became unemployed due to COVID-19.

Of the individuals who were employed in February 2020, 61.57 per cent reported that they have become unemployed because of COVID-19, at least temporarily after the pandemic had struck (Figure 4.3). However, the majority of them remained unemployed for 31-60 days and did not pursue any adjustment strategies.

Of the respondents who were employed in February 2020 but became unemployed as a result of COVID-19, nearly 86 per cent reported that they had been unemployed for 1-120 days. Among these respondents, majority remained unemployed for 31- 60 days or about one to two months and large number of people (24.48 per cent) remained unemployed for 61- 90 days or up to three months (Table 4.19).

Figure 4.3: Respondents' perception (who were employed in February 2020) about becoming unemployed due to COVID-19 (in per cent), (this excludes 'not applicable' responses)



Source: Calculated from household survey data.

Table 4.19: Number of days respondents (who were employed in February 2020) remained unemployed as a result of COVID-19

Days	Average days	Share of respondents
1-30	27	15.15
31-60	57	32.35
61-90	89	24.48
91-120	120	14.01
Above 120	181	14.01
Total	95	100.00

Source: Calculated from household survey data.

About 71 per cent of the respondents who were employed in February 2020 but became unemployed as a result of COVID-19 did not pursue any adjustment strategy at the individual level in response to their situation (Table 4.20). This is a rather surprising and perhaps indicates the general uncertainties associated with the pandemic. Only 29.20 per cent of the relevant respondents searched for a new job having become unemployed.

Table 4.20: Individual level adjustment strategies of respondents who were employed in February 2020 but became unemployed due to COVID-19

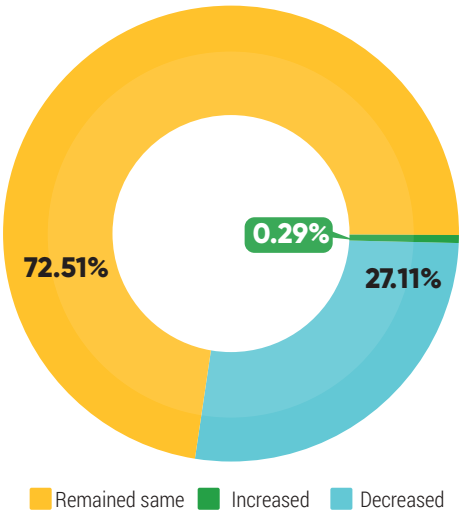
Individual level adjustment	Share of respondents
Searched for new job	29.20
Became inactive	70.80
Total	100.00

Source: Calculated from household survey data.

For majority of the respondents, working hours did not change as a result of the pandemic. For those whose working hours have decreased, majority had to work for reduced hours for 31-60 days and they did not search for additional or new work.

About 27 per cent of the total respondents reported that their working hours have decreased as a result of the COVID-19 pandemic, while for the majority of the people (72.51 per cent) it remained the same (Figure 4.4).

Figure 4.4: Respondents' perception about changes in working hours as a consequence of COVID-19 (in per cent), (this excludes 'not applicable' responses)



Source: Calculated from household survey data.

Among the respondents whose working hours decreased as a result of the pandemic, nearly 92 per cent have reported that they had to work for reduced hours, for 1-120 days. Among these respondents, majority of the people worked for reduced hours, for 31-60 days. A significant number of people (26.11 per cent) worked under the same conditions for about a month (Table 4.21).

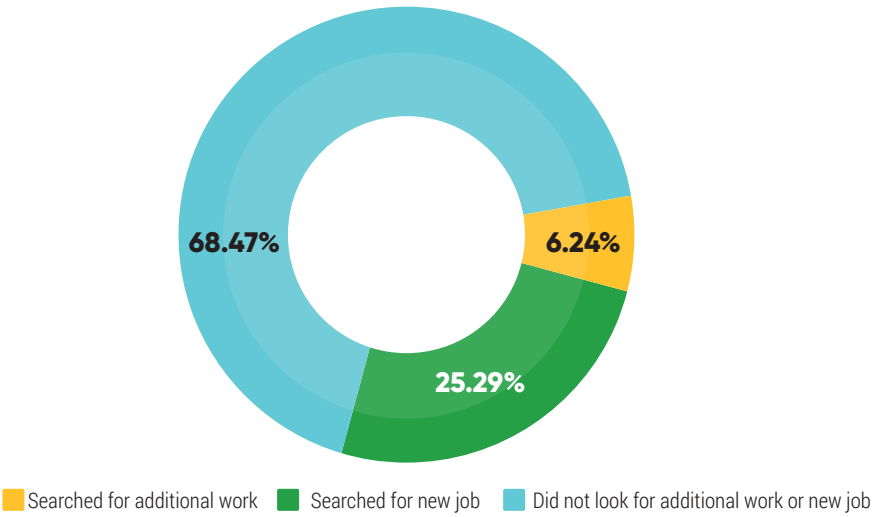
Table 4.21: Number of days respondents had to work for reduced hours as a result of COVID-19

Days	Average days	Share of respondents
1-30	25	26.11
31-60	57	38.14
61-90	88	18.63
91-120	119	9.94
Above 120	195	7.18
Total	71	100.00

Source: Calculated from household survey data.

Of the respondents whose working hours decreased because of the pandemic, the majority (68.47 per cent) did not look for additional work or a new job as an adjustment strategy. However, nearly one-fourth of such people tried to look for a new job to cope with the crisis (Figure 4.5). FGD participants were all in agreement that they had to work harder and longer hours to compensate for the affected months.

Figure 4.5: Individual level adjustment strategies of respondents whose working hour has reduced due to COVID-19



Source: Calculated from household survey data.

For majority of the occupations, higher employment does not mean higher average income.

As is manifested from the discussion above, a significant number of people resorted to the agriculture sector as a primary occupation after the pandemic had started. The number of farmers increased by 4.6 per cent, while the number of daily labour increased by 4 per cent. However, their income declined by (-) 12.8 per cent and (-) 10 per cent, respectively (Table 4.22). Indeed, the average incomes of almost all major occupations have declined across the board. It may be noted that, in Bangladesh, people working may not imply that they are earning enough to meet their livelihood. There is likely a substantial number of surplus labour in various occupation categories with lower productivity.

A considerable share of the respondents reported income loss due to the pandemic, and reducing expenditure was the most commonly pursued adjustment strategy at the individual level.

Among the total respondents, 45.34 per cent reported that their income has reduced due to the adverse impact of the COVID-19 pandemic, which is noteworthy as this share is significantly large. However, for the majority of the respondents (53.05 per cent), the income remained the same (Table 4.23). It needs to be taken into cognisance that this analysis has not been adjusted for inflation. If real income (adjusted for inflation in the last year) is considered, the actual impact will certainly be higher.

Table 4.22: Growth in income between pre-COVID and post-COVID according to main occupation

Occupation	Growth Rate (Income)
Agriculture	-12.8
Day labourer	-10.0
Gardening/Nursery	.2
Cattle fattening/rearing	-9.3
Poultry	.8
Fisherman/Fish seller	-9.1
Rickshaw/Van Puller	-9.6
Driver	-9.4
Chef	-19.8
Barber	-5.4
Cobbler/shoe manufacturing, repairing	-15.6
Electrical Technician (Machinery/equipment)	-10.5
Cycle/Motor Cycle/other vehicle mechanic	-8.7
Industry/Construction Worker	-18.7
Garment Worker	-5.0
Grocery Shop	-8.9
Restaurant/Tea stall	-19.3
Mobile recharge/banking point	-20.0
Hawker	-7.6
SME business	-15.2
Tailoring	-8.7
Teacher	-10.8
Employee	-16.0

Source: Calculated from household survey data.

Table 4.23: Respondents' perception about the impact of COVID-19 on their income (in per cent), (this excludes 'not applicable' responses)

Status of income	Share of respondents
Increased	1.62
Decreased	45.34
Remained same	53.05
Total	100.00

Source: Calculated from household survey data.

Of the individuals who reported decreased income due to the pandemic, majority (78.09 per cent) had reduced their expenditure as an individual level adjustment strategy (Table 4.24). Obtaining credit and using up savings were among the other most pursued adjustment strategies at the individual level. This is evident from the fact that 51.40 per cent and 48.08 per cent people have tried to manage reduced income at the individual level by obtaining credit and using savings, respectively. Large share of people using up savings as individual level adjustment further strengthens the finding obtained in Table 4.15.

Table 4.24: Individual level adjustment strategies of respondents whose income has decreased due to COVID-19 (in per cent)

Individual level adjustment	Share of respondents
Reduced expenditures	78.09
Obtained credit	51.40
Used from savings	48.08
Sought assistance from family and friends	26.39
Sought government assistance	24.10
Searched for a new job	21.64
Searched for additional work	6.37
Sought NGO assistance	4.44
Sold assets	2.71

Source: Calculated from household survey data.

Note: The sum of shares is higher than 100 as multiple responses were accepted.

From the FGDs, it was found that those who received the Tk. 2500 support or 10 Kg of rice were able to cope for a few days. However, given the extent of the lockdown and the adversities of the pandemic, the support received was not adequate. Some respondents expressed their disappointment on the ground that the garments industry received disproportionately higher amount of government support. Transportation workers spoke about their struggle as they did not receive any help from their leaders or public representatives. Domestic help (cleaning or housemaid) received no support unless their previous employers provided them with money or basic necessities.

Majority of the respondents (93.51 per cent) have reported that they or their workplace did not receive any support/loan that has been provided as part of the stimulus packages by the government of Bangladesh during the pandemic (Table 4.25). This is perhaps due to the fact that most of them are employed in the informal sector. The overall low implementation of the stimulus packages might have been a contributing factor to this end. At the same time, the design of stimulus packages was also not up to the task. Relevant issues are discussed in more details in Chapter 5.

Table 4.25: Respondents who received support from the low-interest stimulus packages (in per cent), (this excludes 'not applicable' responses)

Particulars	Share of respondents
Did not receive any support	93.51
From SME packages	0.14
From large industry packages	0.02
Don't know	6.34
Total	100.00

Source: Calculated from household survey data.

If the household level coping strategies of the aforementioned three categories of individuals, viz. who became unemployed or whose working hours had reduced or whose income had declined as a result of COVID-19, are taken into cognisance, it becomes apparent that the most pursued coping strategies include obtaining credit, changing dietary pattern, relying on savings and taking help from relatives or friends.

Among these, majority of the respondents' households relied on obtaining credit. It is evident from Table 4.26 that, among the individuals who became unemployed due to COVID-19, households of 60.91 per cent have obtained credit as their coping strategies. The relevant share for individuals who lost working hours or lost partial income were 59.17 per cent and 61.69 per cent respectively. A moderate percentage of respondents considered government assistance as a way of household level coping strategy; about 23 per cent for all the categories of individuals mentioned above.

Table 4.26: Household level coping strategies of respondents who became unemployed, or whose working hours have reduced or whose income has decreased due to COVID-19 (in per cent)

Household level coping strategies	Of the respondents who became unemployed due to COVID-19	Of the respondents whose working hours decreased due to COVID-19	Of the respondents whose income decreased due to COVID-19	All households
Obtained credit	60.91	59.17	61.69	56.42
Changed dietary pattern involuntarily	55.31	55.91	56.23	52.84
Relied on savings	52.09	50.64	54.18	46.94
Unconditional help provided by relatives/friends	51.53	46.12	46.16	46.39
Unconditional help provided by government	23.23	25.51	24.23	20.37
Reduced expenditure on health and education	13.13	12.14	14.04	12.78

Household level coping strategies	Of the respondents who became unemployed due to COVID-19	Of the respondents whose working hours decreased due to COVID-19	Of the respondents whose income decreased due to COVID-19	All households
Received support from private transfers	6.50	5.62	6.35	5.40
Sale of assets	4.84	5.86	6.34	5.40
Did not need any help	3.83	3.87	2.47	7.70
Involved on more non-farm employment	2.29	1.40	2.68	2.93
Received support through overseas remittance	1.54	1.32	1.83	2.66
Household members migrated	1.20	0.89	0.98	1.13
Sent children to live elsewhere	0.94	0.64	1.07	1.08
Household members took on more farm employment	0.87	0.34	0.82	1.06
Others	0.21	0.07	6.35	0.25

Source: Calculated from household survey data.

Note: The sum of shares is higher than 100 as multiple responses were accepted.

In terms of household-level coping strategies, a similar picture is discerned from the FGDs. A number of FGD participants reported that they had to borrow money, sell land and get by with whatever savings they had. Some of the participants shifted to farming as a consequence of losing jobs. Some had to resort to one meal instead of the three daily meals they were used to, avoided taking medicines to buy basic necessities. Many participants expressed deep concerns as regards the rising debt they were incurring and how they would manage to repay it.

The present study, as part of which a household survey was conducted, reveals a number of important findings. These can be placed as responses to a number of pertinent questions.

How had the pandemic impacted the employment scenario in Bangladesh?

The study reveals that a large number of the employed population, i.e., more than 60 per cent, lost their jobs at some point due to COVID-19 (mostly in April and May 2021 when the 'general holiday/lockdown' was in place). On a positive note, almost all these people were able to find a job by January-February 2021, when the adverse impact of COVID-19 started to recede to the background. However, more than 85 per cent of the pre-COVID employed people who lost their jobs due to the pandemic remained unemployed for more than one month. This was most evident in services sector, and, to a large extent, industrial sector.

Where did the jobs got relocated?

A large part of the incremental employment has been generated in the agriculture sector, mostly being relocated from the services sector. This job substitution favouring agriculture was indicative of structural transformation going backwards. Indeed, self-employed, contributing family members and day labourers have contributed to about 90 per cent of the additional jobs, which indicated a rise in informal sector employment. Survey data also evince that the average income for all such categories of jobs has declined despite the rise in job numbers. Thus, the substitution in the job market was of a regressive nature: substitution to structurally backward sectors and substitution to low paying jobs.

What happened to working hours?

Although people could find employment, they are working for a lesser number of hours on average. This was particularly evident in the agriculture sector and, to some degree, in the industry sector. It was also found from the survey that despite absorbing a significantly higher number of jobs, workers in the agriculture sector experienced the largest decline in income.

Are incomes being restored to pre-COVID level?

On average, income loss was reported both at individual and at household levels. About 45 per cent of households were earning lower income compared to the pre-COVID-19 period. Negative impact on income levels is not merely an urban phenomenon. Indeed, income loss was observed in both urban and rural areas. While the decline in income has been higher in the urban areas compared to the rural areas, the difference was not found to be significantly high.

Are people satisfied with their present employment status?

More than 40 per cent of the employed people reported that their employment situation has worsened in the post-pandemic period compared to the pre-pandemic period. About 86 per cent of individuals reported that they are not earning enough to meet their daily necessities.

How did the households try to cope with lower income?

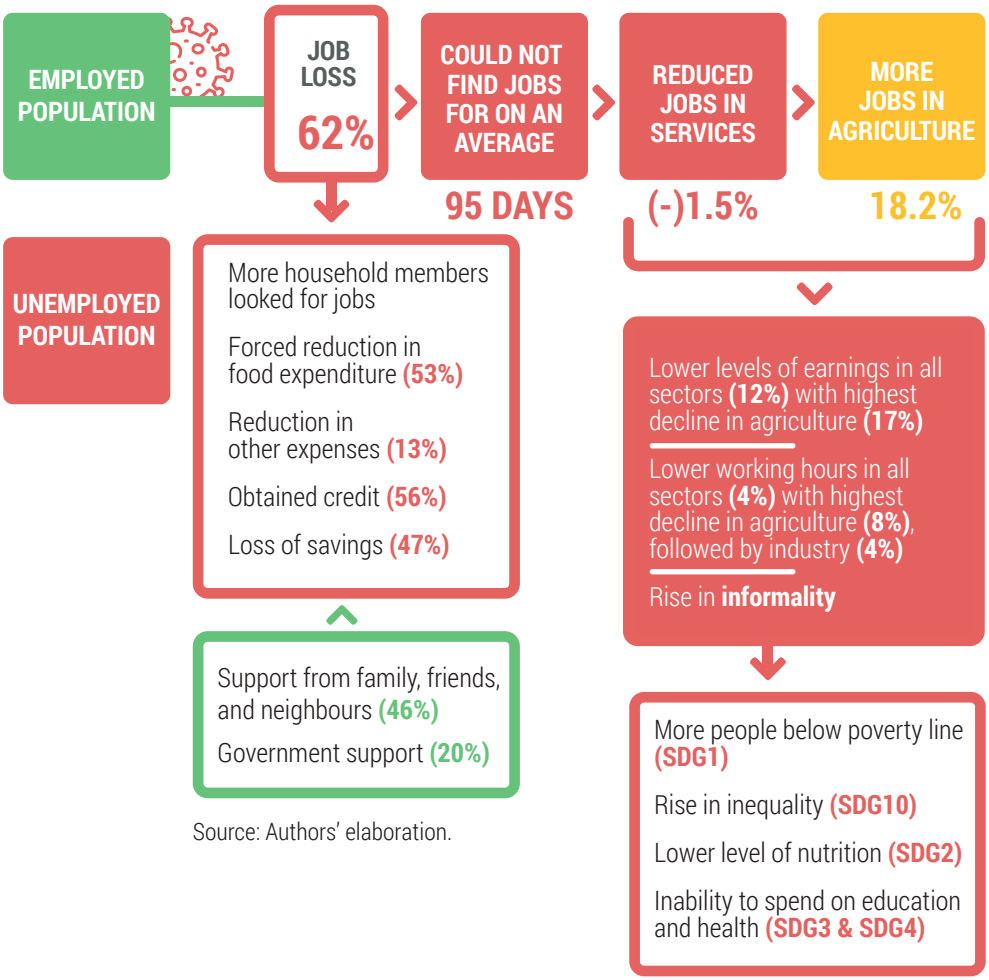
It was observed that an increasing number of people are on the lookout for jobs. There was a considerable surge in labour force participation, including on the part of women. It is likely that lower income has forced a higher number of household members to seek employment. The higher number of female and youth cohorts in the labour force confirms this phenomenon. As was noted, many found their way to the agriculture sector, where lower pay and lower working hours was the case. The decline in income has led to the households cutting down on their expenditure. About 78 per cent of the surveyed individuals had to bring down expenditure to cope with income erosion. 52 per cent of the households had to go for involuntary change in dietary pattern. About half of the households experienced a decline in savings, and more than half of the households had to take credit. The average loan of the households has doubled in the last year. This would mean that the shadow of the pandemic, even when the economy is on the path to recovery, will leave medium term negative footprints on financial status of households. Regrettably, the support from the government was limited. Only 20 per cent of the households were able to receive some form of government support, as was revealed by the survey. Indeed, a higher number of households received support from private sources, i.e., friends, family, neighbours and private charity.

What does the impact of COVID-19 mean for income inequality?

Income erosion has pushed a significant number of people into lower-income groups — the number of individuals with less than Tk. 7,500 income per month increased by more than 20 per cent. This is indicative of a higher poverty incidence. Income inequality scenario also worsened in tandem as manifested by lower income share of the bottom half of the population in terms of income. These have resulted in rising inequality with falling shares of income of people in the lower-income deciles and a rise in the poverty level. Since many households had to experience reduced expenditure on food, education and health, Bangladesh's progress in terms of concerned development indicators also faced challenges.

The above findings, summarised in Figure 4.6, underscore the need for targeted steps to recover and rebound from the ongoing pandemic. At the same time, the findings of this study are pointers to the need for better preparedness in view of any likely future wave(s) of the COVID-19 in Bangladesh.

Figure 4.6: Impact of COVID-19 on Bangladesh through employment channel



Source: Authors' elaboration.

Employment Sensitivity of public policy interventions

5.1 Stimulus packages

Brief overview of the stimulus packages in Bangladesh

One of the long-term impacts of the COVID-19 pandemic is the expected structural change in the socio-economic condition of nations, irrespective of their development status. The impacts are particularly pertinent in case of Bangladesh as it is scheduled to graduate from the Least Developed Country status in about five years. The 66 day 'general holiday' declared by the Government of Bangladesh, from 26 March to 30 May 2020, had led to a stoppage of majority of economic activities which had impacted various sectors in a variety of ways. To combat the adverse impacts of the crisis inflicted by the pandemic and stimulate the path of economic recovery, the government announced

21 stimulus packages worth Tk. 121,353 crore, till November 2020, which was equivalent to about 4.34 per cent of the annual GDP (MoF, 2020a). According to the Ministry of Finance, these packages were announced with a view to alleviating the newly emerged high rate of unemployment, reducing the number of the new-poors, and accelerating the recovery from the economic fallouts arising from the pandemic. Table 5.1 presents a brief overview of the aforementioned 21 stimulus packages.

Table 5.1: Stimulus packages announced by the government as of November 2020

Sl.	Package name	Allocated amount (Crore Tk.)
1	Special fund for salary support to export-oriented manufacturing industry workers	5,000
2	Working capital loans provided to affected industries and services sector	40,000
3	Working capital loans provided to SMEs, cottage industries	20,000
4	Expansion of facility provided through Export Development Fund (EDF) by Bangladesh Bank (expanding EDF from USD 3.5 billion to USD 5 billion and setting interest rate at 1.75 per cent)	12,750
5	Pre-shipment credit refinance scheme	5,000
6	Special honorarium for doctors, nurses, medical workers	100
7	Compensation for frontline government employees in case of infection/death	750
8	Free food distribution	2,500
9	Open market sales (OMS) of rice at 10 taka per kg	770
10	Cash transfer to targeted poor people	1,258
11	Expansion of cash allowance programs	815
12	Construction of home for homeless people	2,130
13	Additional procurement of paddy/rice (2.0 lakh ton)	860
14	Support for farm mechanisation	3,220
15	Subsidy for agriculture	9,500
16	Agriculture refinance scheme	5,000
17	Refinance scheme for professional farmer and small traders	3,000
18	Employment creation through four state-owned entities	3,200
19	Safety net support for exporters of RMG, leather goods, shoes and suffering workers	1500
20	Subsidy for commercial banks' suspended interest of April-May, 2020	2,000
21	Credit guarantee scheme for SMEs	2,000
	Total	**1,21,353**

Source: (MoF, 2020a)

The government, on 17 January 2021, approved two fresh stimulus packages amounting Tk. 2,700 crore. The first package worth Tk. 1,500 crore is targeted towards the improvement of the economic condition of small, cottage and medium enterprises and women entrepreneurs. The allocated amount will be disbursed through eight government bodies. The distribution plan of the stimulus package is presented in Table 5.2 below.

Table 5.2: Distribution of allocation of the 22nd stimulus package

Relevant government bodies	Allocation amount (Crore Tk.)
SME Foundation	300
Social Development Foundation	300
Palli Daridro Bimochon Foundation (PDBF)	300
Bangladesh Palli Development Board	300
Bangladesh Small and Cottage Industries Corporation (BSCIC)	100
Small Farmers Development Foundation	100
Joyeeta Foundation	50
NGO Foundation	50
Total	**1,500**

Source: New Age (2021).

The second package worth Tk. 1,200 crore is targeted towards bringing the elderly citizens, widows and deserted women under the social safety net programmes, to be implemented in the upcoming FY2022. This package is expected to cover the marginalised and vulnerable people living in 150 upazilas (The Daily Star, 2021). The addition of these two packages raises the total amount earmarked for stimulus packages to Tk. 1.24 lakh crore from the previous Tk. 1.21 lakh crore.

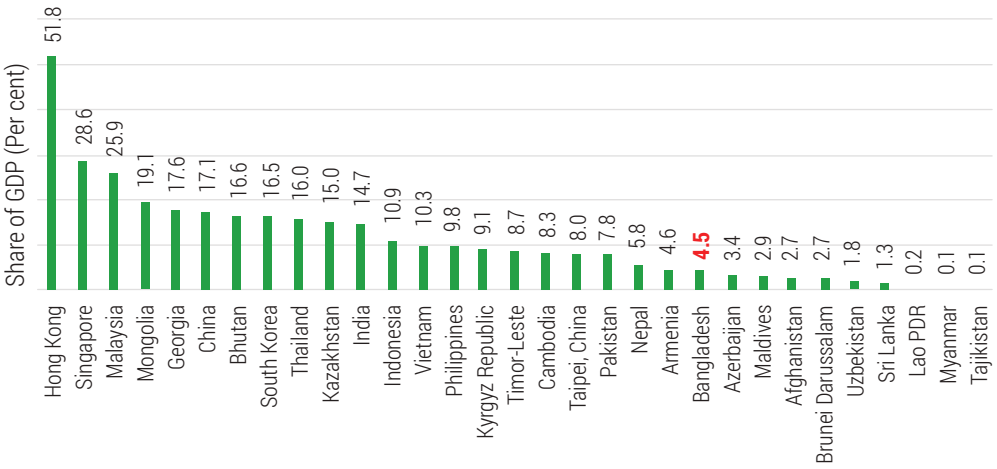
How does Bangladesh fare in view of the stimulus support scenario from a cross-country perspective

As the previous discussion suggests, the Government of Bangladesh has announced 23 stimulus packages till now. Although this is not an insignificant number, as a share of the GDP, the size of Bangladesh's total stimulus packages falls behind majority of the Asian countries in comparison. In fact, according to the Asian Development Bank (ADB) COVID-19 Policy Database, Bangladesh was ranked 22nd out of 31 Asian countries in terms of the size of stimulus packages provided by the government (Figure 5.1).

A narrower comparison among South-Asian countries puts Bangladesh in somewhat of a similar position. A cross-country comparison of 9 South-Asian economies, viz. Bangladesh, Bhutan, Cambodia, India, Maldives, Nepal, Pakistan, Sri Lanka and Vietnam, reveals that Bangladesh is situated in the lower tier in terms of size of stimulus packages as a share of GDP. In terms of this indicator, Bangladesh was above only two of the cohort – the Maldives and Sri Lanka. However, both of these countries were not as hard hit by the pandemic as Bangladesh (Figure 5.2).

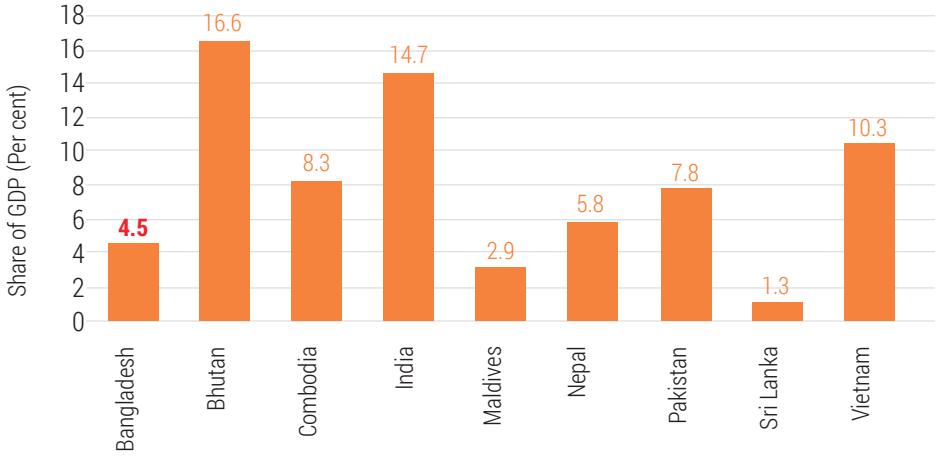
In terms of per capita package size, Bangladesh was ranked 23rd among 31 Asian countries. As of February 2021, the per capita stimulus package size for Bangladeshi citizens stood at USD 88.6 (Figure 5.3).

Figure 5.1: Ranking of 31 Asian countries based on the size of stimulus packages as share of GDP



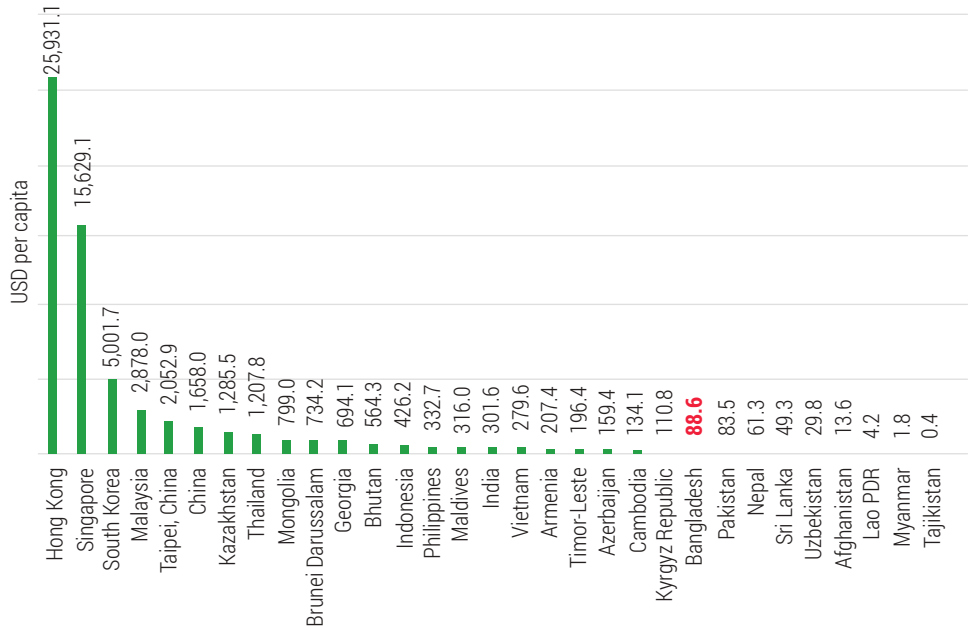
Source: ADB (2021).

Figure 5.2: Cross-country comparison among 9 South-Asian nations in terms of size of stimulus packages as a share of GDP



Source: ADB (2021).

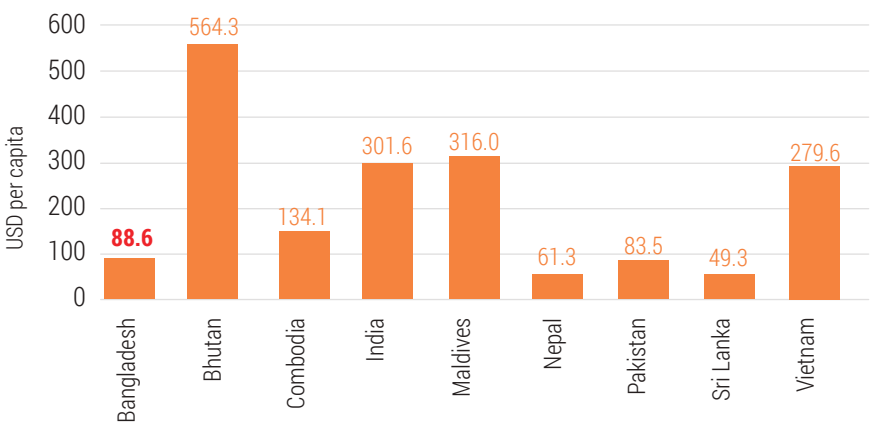
Figure 5.3: Ranking of 31 Asian countries based on per capita stimulus package size (in USD)



Source: ADB (2021).

A cross-country comparison among 9 South-Asian countries also puts Bangladesh in a comparatively lower position. With a per capita package size of USD 88.6, Bangladesh exceeds that of neighbouring countries Nepal, Pakistan and Sri Lanka. However, it remains far below that of Bhutan, Maldives, India and Vietnam (Figure 5.4).

Figure 5.4: Cross-country comparison among 9 South-Asian nations based on per capita package size (in USD)



Source: ADB (2021).

Thus, it appears that Bangladesh is lagging behind its Asian counterparts not just in terms of size of the packages as share of the size of the economy, but also in terms of per capita allocation of the packages.

Categorisation of the stimulus packages

The ADB COVID-19 Policy Database provides a detailed overview of the various support measures taken by different countries in view of the COVID-19 pandemic. Furthermore, the database categorises the support measures based on their operational details and financial statement effects (Felipe and Fullwiler, 2020). The six broad categories are liquidity support, credit creation, direct long-term lending, equity support, government support to income/revenue and 'no breakdown'. 'No breakdown' refers to measures that cannot be directly placed under the other categories. The database provides a detailed picture of the policy measures taken. While the first four categories are directly related to monetary policy, the fifth category corresponds to fiscal policy.

It can be seen from Table 5.3 that Bangladesh's stimulus packages primarily relied on three categories of policy measures – liquidity support, credit creation and supporting income or revenue. Among the nine countries considered for the current comparison, only India, Bangladesh, Maldives, and Pakistan provided stimulus support to maintain liquidity. India dedicated the highest share (38.6 per cent) of the total stimulus package to provide liquidity, while Bangladesh provided 31.0 per cent of the total package in this regard. Pakistan and Maldives allocated only very small shares in the total stimulus packages to maintain liquidity in the system, 3.1 per cent and 3.0 per cent, respectively.

In terms of credit creation, five countries – Bangladesh, India, Nepal, Pakistan and Sri Lanka, have allocated stimulus supports. Nepal's full amount of stimulus support was dedicated to credit creation. For Sri Lanka this was 75.5 per cent. Bangladesh, Pakistan and India's respective shares stood at 30.1 per cent, 23.5 per cent and 13.9 per cent, respectively.

To provide support to the health sector and inject income, all countries except for Nepal provided significant stimulus support. 100 per cent of Bhutan's and 97 per cent of Maldives' stimulus packages are targeted to support health and income, while the shares for Pakistan, India, Vietnam, Bangladesh, Sri Lanka and Cambodia stood at 45.7 per cent, 47.2 per cent, 47.8 per cent, 34.8 per cent, 24.5 per cent and 9.5 per cent, respectively.

51.1 per cent of Vietnam's stimulus support and 27.6 per cent of Pakistan's stimulus support were allocated to provide long-term lending facilities, while the share of Bangladesh in this regard was only 4.1 per cent. All countries except for Vietnam have refrained from providing equity support. Even for Vietnam, this amount was mere 1.1 per cent of the total stimulus support. One striking fact is that almost 90.5 per cent of Cambodia's stimulus support consisted of measures that cannot be clearly allocated according to their purposes.

Table 5.3: Share of policy measure-specific support as a percentage of total package size

Country	Policy measures					
	Liquidity support	Credit creation	Direct long-term lending	Equity support	Health/income support	No breakdown
Bangladesh	31.0	30.1	4.1	0.0	34.8	0.0
Bhutan	0.0	0.0	0.0	0.0	100.0	0.0
Cambodia	0.0	0.0	0.0	0.0	9.5	90.5
India	38.6	13.9	0.0	0.0	47.2	0.0
Maldives	3.0	0.0	0.0	0.0	97.0	0.0
Nepal	0.0	100.0	0.0	0.0	0.0	0.0
Pakistan	3.1	23.5	27.6	0.0	45.7	0.0
Sri Lanka	0.0	75.5	0.0	0.0	24.5	0.0
Vietnam	0.0	0.0	51.1	1.1	47.8	0.0

Source: ADB (2021).

Bangladesh's reliance on monetary measures is perhaps indicative of its restrained fiscal space in view of the pandemic. Also, most of these monetary measures are designed to be implemented through the banking channel which itself is under considerable pressure due to its fragile health.

International assistance received

As of February 2021, Bangladesh received about USD 4.8 billion as international assistance to mitigate the effects of the pandemic. Although this amount may appear to be on the upper side, when compared to other Asian LDCs such as Bhutan, Cambodia and Nepal, the country had actually received a lower amount as aid in consideration of the scales of per capita receipt and share in GDP. Bangladesh received international assistance amounting to 1.5 per cent of its GDP, which was lower than Bhutan and Nepal which received 1.9 per cent and 5.2 per cent as shares of their respective GDP. Developing countries such as Maldives, Pakistan and Sri Lanka fared better in receiving international assistance (Table 5.4).

Employment sensitivity of the stimulus packages

In order to assess the employment sensitivity of the stimulus packages, relevant policy guidelines (e.g., circulars by Bangladesh Bank) were reviewed. In carrying out the assessment, four criteria concerning employment sensitivity have been taken into account. These include i) employment protection, ii) direct support for workers, iii) special attention to marginalised sectors, and iv) special attention to the marginalised population. For this exercise, nine stimulus packages have been taken into consideration. These packages and their status in terms of employment sensitivity under the aforesaid four criteria are presented in Table 5.5.

In stimulus packages such as the Tk. 40,000 crore worth of working capital loans provided to affected industries and services sector; Tk. 20,000 crore worth of working capital loans was provided to SMEs

Table 5.4: International assistance received in per capita and as a share of GDP

Country	Per capita international assistance received (in USD)	International assistance received as share of GDP (in per cent)
Bangladesh	29.5	1.5
Bhutan	63.5	1.9
Cambodia	22.0	1.4
India	5.0	0.2
Maldives	1456.5	13.3
Nepal	55.7	5.2
Pakistan	24.9	2.3
Sri Lanka	122.1	3.2
Vietnam	6.1	0.2

Source: Calculated from ADB (2021).

and cottage industries; the existing nine per cent interest payment was subsidised by 4.5 per cent and 5 per cent respectively. As the government had decided to subsidise the interest rates (almost half in most cases) for the loans, taking adequate steps to protect employment should have been a primary concern in case of disbursement of the loan money.

Table 5.5: Employment sensitivity of the selected stimulus packages

Sl.	Name	Employment protection	Direct support for workers	Special attention for marginalised sectors	Special attention for marginalised population
1.	Special fund for salary support to export-oriented manufacturing industry workers	**No**	**Yes** Direct salary support to workers	**N/A**	**No**
2.	Working capital loans provided to affected industries and services sector	**No**	**No**	**No**	**No**
3.	Working capital loans provided to SMEs, cottage industries	**Yes** Targeted to keep the workforce at their workplaces	**No**	**Yes** 70 per cent loans of banks' yearly target to the cottage, micro and small enterprises 70 per cent to production and services and 30 per cent for business (trading) sub-sectors	**Yes** Disburse a minimum of 15 per cent loans of banks' yearly targets to businesses in villages and marginal areas Disburse a minimum of 5 per cent loans of banks' yearly target to female entrepreneurs

Sl.	Name	Employment protection	Direct support for workers	Special attention for marginalised sectors	Special attention for marginalised population
4.	Expansion of facility provided through Export Development Fund (EDF) by Bangladesh Bank	**No**	**No**	**No**	**No**
5.	Pre-shipment credit refinance scheme	**No**	**No**	**No**	**No**
6.	Agriculture refinance scheme	**No**	**No**	**Yes** Horticulture, fisheries, poultry, dairy and livestock	**Yes** Affected borrowers will be able to enjoy an additional credit facility up to 20 per cent under the scheme
7.	Refinance scheme for the COVID-19 affected low-income professionals, farmers and holders of small and marginal businesses	**Yes** Targeted to continue the economic activities of marginalised people at rural areas	**No**	**N/A**	**Yes** Low income professional, farmers and holders of small businesses Priority to extreme poor, disadvantaged population, helpless/ oppressed women
8.	Employment generation programs (through Palli Sonchoy Bank, Karmasangsthan Bank, Expatriate Welfare Bank and PKSF)	**Yes** Aimed at distributing loans toward creating employment	**N/A**	**N/A**	**Yes** Youths, rural poor and returnee expatriates
9.	Credit guarantee scheme for SMEs	**No**	**No**	**Yes** Cottage, micro and small industries	**Yes** Women-owned CMSEs will get priorities

Source: Compiled from various circulars by Bangladesh Bank.

Note: N/A implies not available.

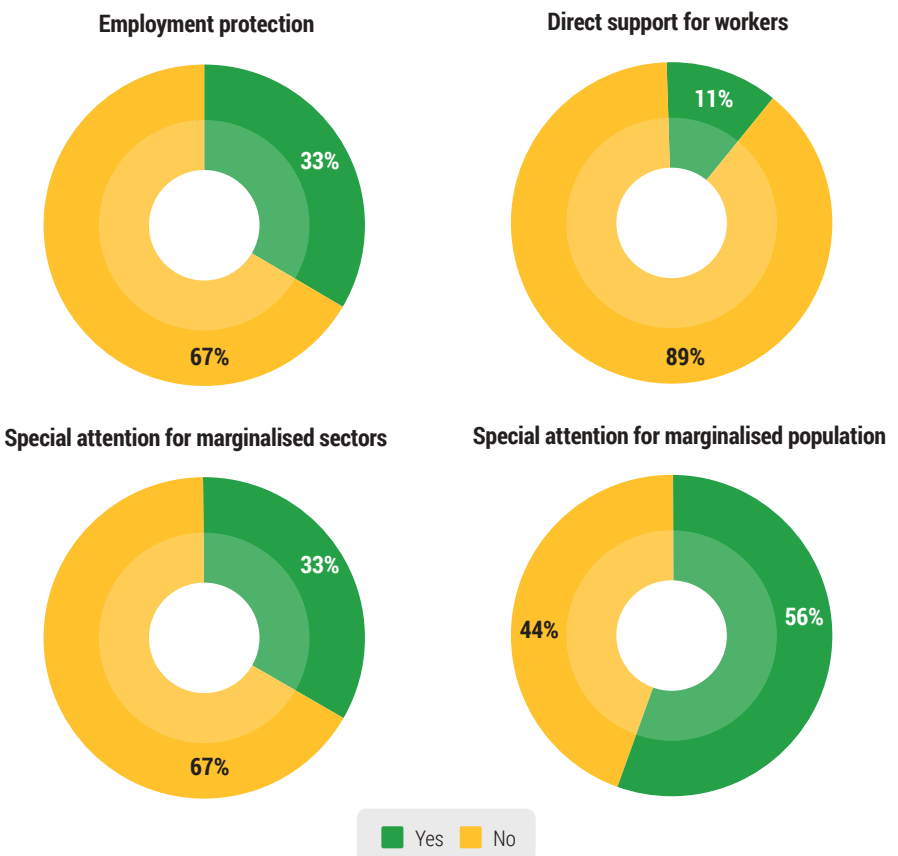
The assessment reveals that only one-third of the selected stimulus packages aimed towards direct employment protection or employment generation. The Tk. 20,000 crore package "working capital loans provided to SMEs, cottage industries" was targeted to help keep the workforce at their respective positions. The Tk. 3,000 crore package "refinance scheme for the professional farmers, and small traders" was intended to support the continuation of the economic activities of the marginalised people in rural areas, and the Tk. 3,200 crore package "employment generation programs" (through Palli Sonchoy Bank, Karmasangsthan Bank, Expatriate Welfare Bank and PKSF) was aimed towards the distribution of loans with a view to generating employment. These are the only three stimulus packages that have some mention of employment generation/protection in their stated aims or objectives among the total nine stimulus packages assessed.

The only stimulus package that had guidelines for pay-roll protection of workers among these nine packages was the Tk. 5,000 crore worth "special fund for salary support to export-oriented manufacturing industry workers"; the entire amount was disbursed providing direct salary support to workers.

Again, one-third of the selected stimulus packages had extended some attention towards the marginalised sectors. "Working capital loans provided to SMEs, cottage industries", "agriculture refinance scheme" and "credit guarantee scheme for SMEs" are packages that paid special attention to servicing the marginalised sectors such as cottage, micro and small enterprises and horticulture, fisheries, poultry, dairy and livestock.

Marginalised population such as female entrepreneurs, businessmen in villages and marginal localities, low-income professionals, farmers and holders of small businesses, extremely poor, disadvantaged population, helpless/oppressed women were given special attention through five out of the total nine assessed stimulus packages. A graphical representation of the above analysis is given in Figure 5.5.

Figure 5.5: Graphical representation of employment sensitivity of stimulus packages



Source: Authors' elaboration

Implementation status of the stimulus packages

Almost ten months after their announcement on the stimulus packages and their launching, the rates of implementation for most of the stimulus packages remain less than satisfactory, since the allocated money could not be utilised fully during the peak period of the pandemic when it was most needed. Only two stimulus packages viz. special fund for salary support to export-oriented manufacturing industry workers and OMS of rice at 10 BDT/kg have been fully implemented (Annex Table 1).

Disbursement was faster in the case of stimulus packages targeting the large industries and the services sector. Among the total 23 packages announced as of January 2021, three targeted the SMEs - working capital loans provided to SMEs and cottage industries, credit guarantee scheme for SMEs and improvement of the economic condition of small, cottage and medium enterprises and women entrepreneurs. The Tk. 20,000 crore worth package of working capital loans had a modest rate of implementation (58 per cent) while the implementation rates for the other two are not yet available.

There is no doubt that the large industries and the services sector had advantages when it came to preparedness; they are generally more organised in nature than their small and medium counterparts. According to the Business Pulse Survey conducted by the IFC, about 76 per cent of the MSMEs were unaware of COVID-19 stimulus packages provided by any financial institutions (IFC, 2020). Of the remaining 24 per cent, who were aware of the existence of the packages, the overwhelming majority failed to avail support due to lack of awareness, eligibility, difficult application procedure among others.

Inefficiency in the implementation of stimulus packages targeted towards the small and medium enterprises and agricultural sector is also evident in the fact of multiple deadline extensions for fund disbursement. The allocated amount has been increased for stimulus packages targeted towards large industries and services sectors (e.g., the allocation for the working capital loans provided to affected industries and services sector has been increased to Tk. 40,000 crore from Tk. 30,000 crore). The deadline for disbursement had to be extended several times in case of packages for SMEs and agricultural sectors. For instance, the Tk. 20,000 crore worth stimulus package of working capital loans provided to SMEs and cottage industries has been subject to deadline extensions thrice. The deadline for fund disbursement for this package has been extended to 30 June 2021 from the initial deadline of 31 October 2020. A similar deadline extension is noticed in case of the Tk. 5,000 crore worth agriculture refinance scheme package, deadline of which has been extended twice.

Coverage of the stimulus packages

As per MoF (2020a) data, coverage of only 12 out of the 21 stimulus packages is available. The Tk. 5,000 crore salary support to export-oriented manufacturing industries was able to cover 1,992 export-oriented business enterprises through 47 commercial banks. As per MoF (2020a), approximately 35 lakh people received salaries for the months of March and April 2020 thanks to this package. However, there are concerns as to whether workers had received their full salary and other benefits (see CPD, 2020, for instance).

The working capital stimulus package for affected large industries and services was disbursed to

2,549 entities till 31 October 2020 through 51 commercial banks (MoF, 2020a). This support package has provided protection to jobs of 1.5 million employees working in large industries and services sectors (CPD, 2021). On the other hand, stimulus packages targeted towards SMEs, cottage industries and the agricultural sector had a very slow rate of implementation, which led to limited coverage. Of the funds distributed under the special working capital facility for CSMEs, 41,069 entrepreneurs benefitted through 56 commercial banks and 20 non-bank financial institutions (MoF, 2020a). Gender-wise disaggregation revealed that 94 per cent of the beneficiaries were male and 6 per cent were female. According to MoF, the stimulus package ensured that the aforementioned 41,069 entrepreneurs were able to run their businesses which helped retain the livelihoods of 2.5 million workers (MoF, 2020a). Agricultural refinancing scheme has provided support to 89,934 persons up to October 31, 2020, while the refinancing scheme for low-income farmers has benefitted 100,227 people (MoF, 2020a).

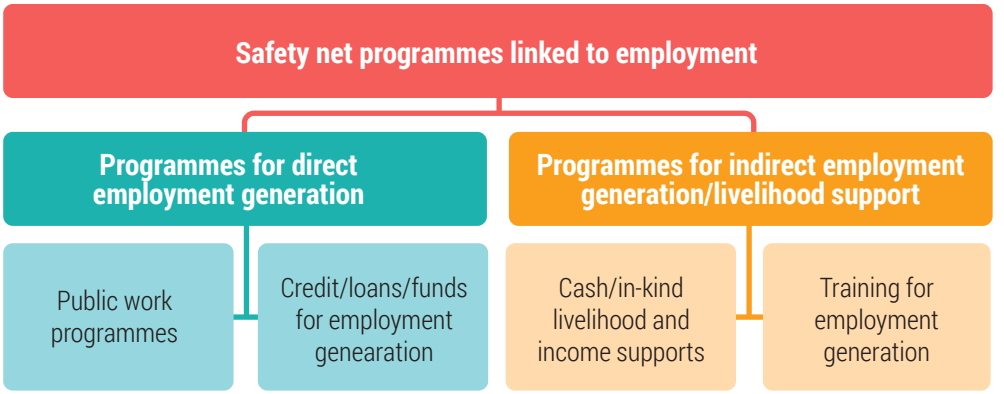
The health insurance and life insurance package and the package for increasing the coverage of the cash allowance programmes were able to reach only 42 people and 156,218 people, respectively (MoF, 2020a). Fiscal stimulus packages such as the distribution of free food items and the distribution of cash among the targeted population covered 25.4 million and 3.5 million people respectively. Gender disaggregation reveals that about 70-75 per cent of the recipients of these two programmes are male, while the rest 25-30 per cent are female (MoF, 2020a).

5.2. Social safety net programmes linked to employment

A brief overview of the safety net programmes linked to employment

It is mentioned in the FY2021 budget speech that one of the four main strategies of the comprehensive plan undertaken to overcome the possible negative impacts of pandemic includes expansion of the coverage of the existing social safety net programmes (SSNPs). When identifying the SSNPs that have linkage with employment, two broad clusters can be observed. These include programmes that are directly targeted towards employment generation and programmes that generate employment indirectly or provide livelihood support. The first broad cluster can be further

Figure 5.6: Clustering of safety net programmes related to employment



Source: Author's elaboration

disaggregated to two sub-categories viz. public works programmes and credit/loans/funds for employment generation. The second broad cluster can be divided into two sub-categories. These sub-categories include programmes related to cash/in-kind livelihood and income supports and programmes providing training for employment generation. A graphical representation of the aforementioned clusters and their sub-categories is presented in Figure 5.6.

Table 5.6: Clustering of selected 27 SSNPs linked to employment

Broad Cluster	Sub-category	Social safety net programme
1. Programmes for direct employment generation (Total 12)	1.1 Public work programmes (Total 7)	1. Employment generation programme for the poorest (EGPP)
		2. Food for work (FFW)
		3. Work for money (WFM)
		4. Rehabilitation and alternative employment generation for beggars
		5. Income generating activities (IGA) for women at upazila level
		6. Integrated livestock development to improve the socio-economic and quality of life of the backward minorities living in the plain-land
		7. Increase the cotton cultivation in Chittagong Hill Tracts and alleviation of poverty of farmers
	1.2 Credit/ loans /funds for employment generation (Total 5)	1. Micro-credit for women self-employment
		2. Interest free micro-credit programme for RSS, RMC and Urban Centre
		3. Providing working capital to improve the socio-economic condition of weavers and modernisation of handlooms
		4. Special assistance fund for women development and women entrepreneurs
		5. Assistance fund for the small farmer and poultry farmers

Broad Cluster	Sub-category	Social safety net programme
2. Programmes for indirect employment generation/ livelihood support **(Total 15)**	2.1 Cash/in-kind livelihood and income supports (Total 9)	1. Vulnerable group development (VGD)
		2. Vulnerable group feeding (VGF)
		3. Gratuitous relief (Food)
		4. Disbursement of cash among targeted population to address corona risk (a total of 50 lakh households to get tk. 2500 each)
		5. Food assistance in CTG-Hill Tracts area
		6. Test relief (TR) (cash)
		7. Grants for the families of government employees who died in services
		8. Open market sales (OMS)
		9. Food friendly programme
2. Programmes for indirect employment generation/ livelihood support **(Total 15)**	2.2 Training for employment generation (Total 6)	1. Women's skill-based training for livelihood
		2. Skills and employment programme in Bangladesh
		3. Rehabilitation and development of socio-economic conditions through training for disadvantaged, poor, elderly, orphans and persons with disabilities
		4. Skills for employment investment program
		5. Training and rehabilitation of the disabled, widows, orphans, destitute, helpless, backward and the ultra-poor
		6. Investment component for vulnerable group development programme (ICVGD) (2nd Phase)

Source: Author's compilation from MoF (2020b).

For the purpose of the current exercise, 27 SSNPs under the aforementioned clusters and sub-categories were taken into consideration (Table 5.6). In order to avoid duplication or double counting, a number of monetary instruments were not included in the assessment. These include, inter alia, "refinancing scheme for low-income farmers/small traders", "employment generation programs (through Palli Sonchoy Bank, Karmasangsthan Bank, Expatriate Welfare Bank and PKSF)", "interest subsidy for small (including cottage industries) industries and services sector enterprises affected by coronavirus", "agricultural subsidy" and "agricultural rehabilitation".

Coverage and allocation of the SSNPs linked to employment

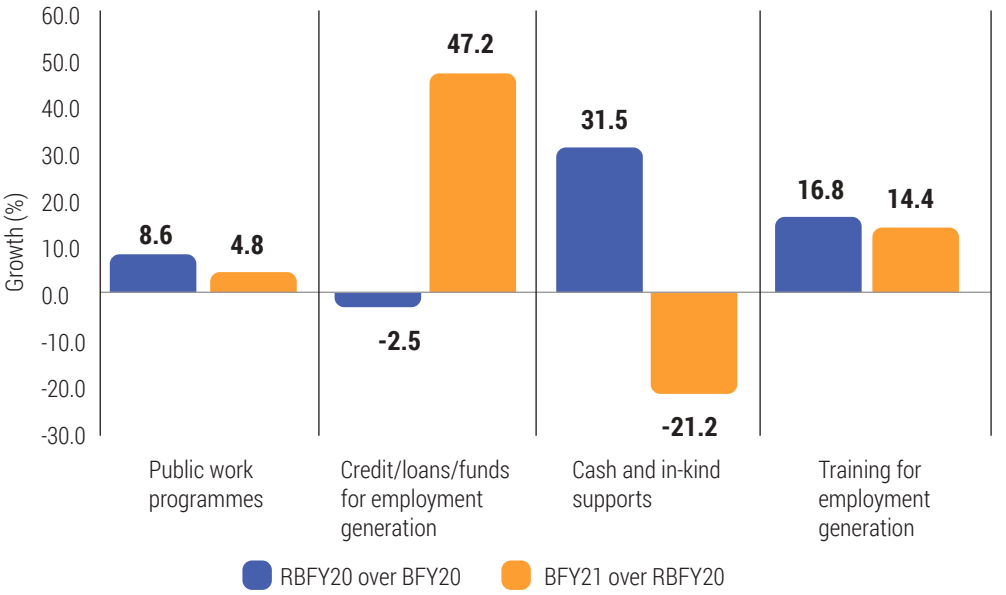
An analysis of growth figures of both coverage and allocation of the aforementioned four sub-categories of SSNPs indicate that the programmes indirectly related to employment generation or livelihood support received greater importance compared to programmes that are directly related to employment generation. In particular, employment related trainings have seen significant growth in coverage during the early phase of COVID-19 (Figure 5.7), while the allocations for these training

programmes have seen growth during the latter phase of COVID-19 (Figure 5.8).

Programmes, that are directly related to employment generation, such as public work programmes, have registered only marginal growth in terms of both coverage and allocation. Surprisingly, monetary supports such as credit/loans/funds for direct employment generation saw high growth during the latter phase of the pandemic. Budget FY2021 data shows a 47.2 per cent growth in coverage and 40.6 per cent growth in allocation for this type of programmes. Inclusion of such credit type monetary supports under the domain of safety net programmes, however, remains questionable.

As per the Ministry of Food's latest data, open market sales (OMS) is the only major government operated food distribution programme which has registered significantly positive growth during the July-February period of FY2021 compared to the corresponding period of the previous fiscal year. The fair price (food-friendly) programme has registered a meagre growth of 0.3 per cent only (Figure 5.9). Almost no support was extended through the food for work (FFW) programme during the aforementioned period. All other important programmes, such as vulnerable group feeding (VGF), vulnerable group development (VGD) and gratuitous relief (GR) registered negative rates in growth. Hence, the overall trend of the actual distribution of the food-friendly safety net support programmes paints a depressing picture indeed.

Figure 5.7: Growth in coverage of the safety nets related to employment

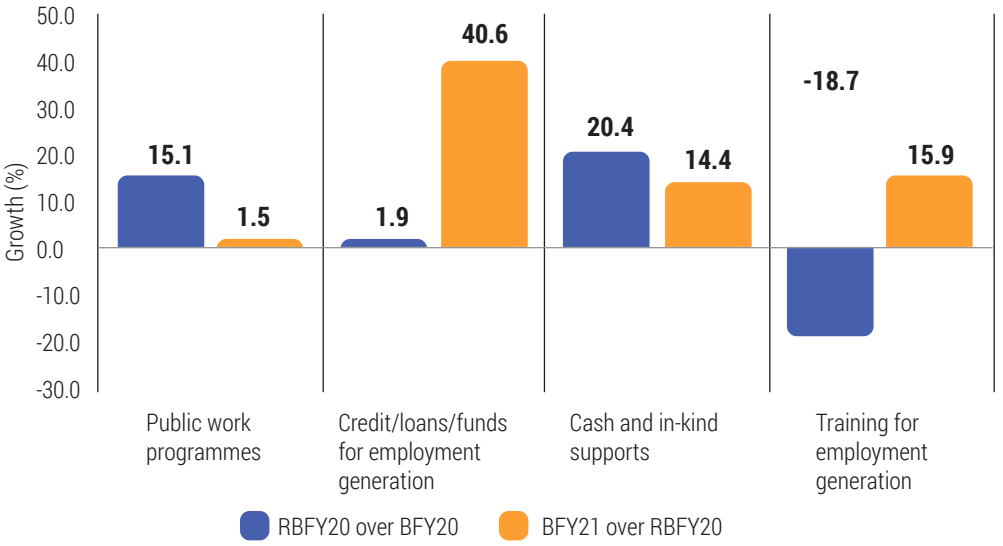


Source: Author's calculation from MoF (2020b)

The present survey shows that only about one-fourth of the respondents have received support from the three dedicated relief programmes deployed by the government during the pandemic time (GR Rice, GR Cash, BDT 2,500 special cash transfer). Among the respondents from the lowest income

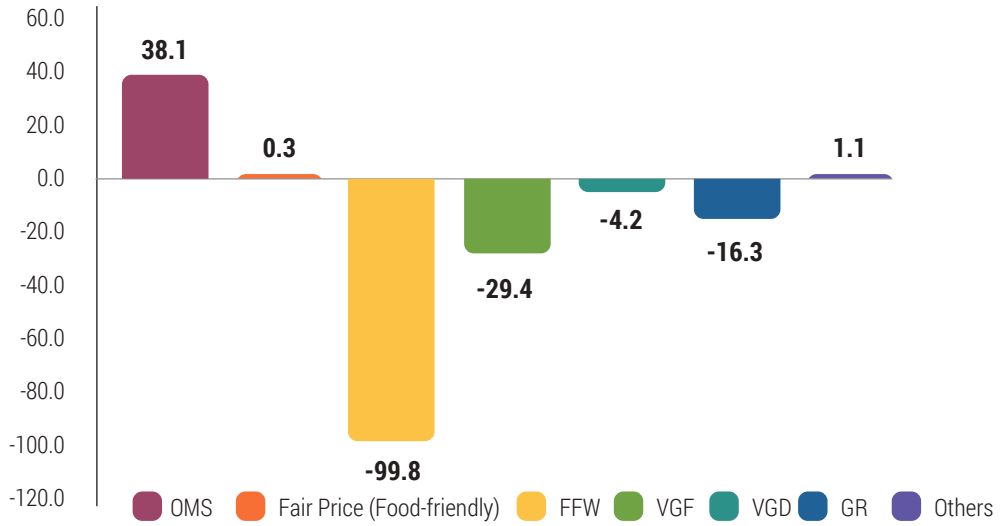
quartile, only one-third have been covered with these three programmes. Support from other social safety net programmes was only available to about additional 11 per cent of respondents belonging to the lowest quartile. Hence, a large number of people in need have not received any support from the government social safety net programmes.

Figure 5.8: Growth in the allocation of the safety nets related to employment



Source: Author's calculation from MoF (2020b)

Figure 5.9: Growth of food-friendly safety net supports (Jul-Feb FY21 over Jul-Feb FY20)



Source: Author's calculation from Ministry of Food data.

Conclusion

COVID-19 emerged first as a global public health concern which subsequently turned into an economic crisis of significant scale and scope. The crisis has amplified embedded challenges in the delivery of various public services, including those that have implications for the job market. Job creation by the private sector and self-employment opportunities have also been negatively impacted by the pandemic. The pandemic has accentuated the situation of pre-existing vulnerable groups such as informal workers, women, youth, the elderly, and those employed in MSME sectors. These groups were joined by a large number of 'new poor' who owe their emergence to the COVID pandemic.

As a policy initiative to address the pandemic-induced vulnerabilities, the stimulus packages announced by the GoB proved to be inadequate. When the size of the Bangladesh economy is considered, as also its population, Bangladesh does not fare well compared to its Asian neighbours. The stimulus packages were primarily designed as credit support. In comparison, budgetary allocations for transfers in the form of cash and expanded social safety net programmes were very low. The stimulus packages also had low levels of employment sensitivity. The packages directed towards lower income groups in CSMES and informal sectors, were difficult to implement. Overall, the stimulus packages failed to give adequate attention to the marginalised groups and vulnerable employment sectors that were particularly vulnerable from the perspective of employment (e.g., self-employed), as well as marginalised localities such as the slums. Indeed, only a small number of households reported that they were able to obtain support from the credit-focused stimulus packages. It is felt that the overall policy stance of the government was designed with the assumption that the pandemic would be a short-term phenomenon, and the negative impacts on employment and the labour market would be limited. The intensity demonstrated by the second wave of COVID-19 in April 2021 suggests that the country will continue to battle with the pandemic even over the medium term. The impacts, as was discussed above, also confirms that the recovery in terms of attaining the target of decent employment will take time and effort. Indeed, even in normal times, attaining the pertinent SDGs was going to be a difficult task. The situation is likely to exacerbate in view of the ongoing second wave with new spatial dimensions of health-related risks added to an already challenging scenario. Regrettably, the 8FYP, despite recognising the COVID-19 challenges, was not able to come up with a tailor-made approach. It is likely that the SDG8 targets will now be more difficult to attain. At the same time, Bangladesh will need to make more concentrated efforts in the areas of poverty eradication (SDG1), reducing hunger and malnutrition (SDG2) and inequality (SDG10).

In view of the above, the policy response in the context of employment and labour market needs to be designed considering immediate, short term and medium-term challenges. In view of the immediate

challenges, there is a critical need to enhance cash transfers to marginalised and affected households. Households need to be helped to adjust for immediate loss of income and reduced expenditure. Higher consumption expenditure will also help to boost domestic demand, trigger supply side response and create opportunities for employment. To this end, it is important to note that the impact of the COVID-19 pandemic was not limited to urban areas. Rural households have also experienced a considerable loss of income over the past year, as was borne out by the survey. Higher coverage and budgetary allocation are required for social safety net programmes. Investment in labour-intensive rural road and infrastructure would be beneficial to stimulate the rural economy. Public investment projects need to be prioritised to address the vulnerabilities in the labour market as also to prepare for sustainable recovery. Support must be geared to reducing vulnerabilities arising from debt distress. In absence of urgent support, many affected people could be debt-distressed and fall into a debt trap.

Over the short term, the stimulus packages will need to be redesigned in view of the experience of the past year. Our analysis indicates that stimulus packages in Bangladesh had only a limited employment impact. They were able to reach only a small part of the employed population. The total amount of Bangladesh's stimulus packages was much lower compared to most other countries in the region. Large industries were better prepared to receive the stimulus packages given their more organised nature and enhanced institutional capacity. No doubt, loans from stimulus packages to large enterprises have helped retain many workers who otherwise would have lost their jobs. However, an overwhelming majority of employed in Bangladesh are engaged in MSMEs and informal sectors. And it is here that many fault lines have emerged. Slow implementation of stimulus packages for MSMEs and in the agriculture sector has resulted in the public policy support not generating the expected results in terms of employment protection, retention and creation. The relative inexperience of lenders and also, process complexities have led to slower and lower disbursement of the stimulus package in favour of small and medium enterprises. Indeed, the country's commercial banks, except for the BKB, did not have the needed experience in providing agriculture loans. Smaller firms had a general lack of awareness as regards stimulus packages. Their capacity and banking track record proved to be inadequate in accessing loans. The design of these packages should have taken the realities on the ground into cognisance. Commercial banks also

followed a cautious approach while disbursing the stimulus support to MSMEs. There was also confusion as regards the collateral requirement for loans earmarked for the MSMEs. In view of the above, more importance should be given to extending these supports through non-government organisations and microfinance institutions.

Over the medium term, the aspiration of 'build back better' (United Nations Bangladesh, 2020) ought to guide the path to economic recovery. Existing weaknesses in the labour market governance and employment related areas should be acknowledged, and there should be employment-embedded policy responses to build back the economy better. The present study found that despite improvements in the number of jobs, households continue to suffer from informality and lack of decent work conditions. Indeed, to sustainably enhance decent job opportunities, the private sector will need to play a more productive role. For this to happen, investment in infrastructure, strengthening of labour market institutions and reforms in doing business will be called for to attract private investment from both domestic and foreign sources. Enhancing the capacity of labour market institutions will be particularly important to improve the quality of employment, ensure workers' rights, guarantee safe working environment and generate capacities to pay better wages. Support to MSMEs to get back on their feet must be seen as integral to the strategy of building back better. Agricultural MSMEs, which has the capacity to bounce back quickly and are one of the major sources of employment for the working poor, should be given necessary support, particularly credit support. Promoting ICT enabled technologies would improve the performance of MSMEs and would be beneficial for creating sustainable, competitive, and productive enterprises. Promoting financial literacy and digital literacy as part of gender-responsive measures for the most marginalised micro and cottage industries, particularly those run by women, could be an effective way to extend support in this connection.

Introducing new systems for good labour practices, such as occupational safety and good health practices along the agricultural value chains, would be needed to connect small scale entrepreneurs to the global market. The new systems should be focused on productivity, social dialogue, and better employment practices. For boosting productivity of enterprises, adequate support should be extended to businesses to adopt better technologies and workplace management practices to underwrite the investment. Support is required for strengthening the value chain of highly affected labour-intensive industries. Enterprises should be encouraged and incentivised towards adoption of digital platforms, enhanced digitalisation of supply chains, and taking advantage of e-commerce and other digital services. In this context, a technology upgradation fund may be set up for subsidised credit to enterprises. Public-private partnership to improve the quality of disaggregated data collection and research and inter-sector information sharing and adoption of design processes would be helpful. New drivers of employment creation will need to be identified as Bangladesh economy gets on the path to recovery, and these will need to be supported through proactive policies to promote particularly digital platform-based service enterprises. Fiscal policies should be geared to support this.

The overall employment scenario, going beyond the unemployment rate, should be a critical metric to assess the level, nature, trend and success of recovery from the COVID-19 crisis. Employment is directly linked to many key development and SDG areas, including income, consumption and inequality. The COVID-19 pandemic and its impacts are still unfolding as Bangladesh faces the second wave of the pandemic. There is a heightened need to monitor the attendant developments in the labour market scenario. The GoB will need to pursue policies and take measures to mitigate risks and create opportunities that will benefit individuals and households affected by the ongoing pandemic, keeping the SDG aspiration of leaving no one behind at the centre of both concern and aspiration/ambition.

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Annex

Annex Table 1: Implementation status of stimulus packages

Sl.	Name of the Package	Allocation (crore Tk.)	Disbursement (crore Tk.)	Implementation rate (Per cent)	Remarks
1	Special fund for salary support to export-oriented manufacturing industry workers	5,000	5,000	100	Total amount disbursed
2	Working capital loans provided to affected large industries and services sector	40,000	30,310	76	Up to 31 Jan 2021
3	Working capital loans provided to SMEs, cottage industries	20,000	11,592	58	Up to 28 Jan 2021
4	Expansion of facility provided through Export Development Fund (EDF) by Bangladesh Bank	12,750	9,132	72	Up to 31 Jan 2021
5	Pre-shipment credit refinance scheme	5,000	136	3	Up to 31 Jan 2021
6	Special honorarium for doctors, nurses, medical workers	100	N/A	N/A	
7	Compensation for frontline government employees in case of infection/death	750	16	2	Up to 4 Nov 2020
8	Free food distribution	2,500	1,067	43	Up to 30 Sept 2020
9	OMS of rice at 10 taka/kg	770	770	100	Total amount disbursed
10	Cash transfer to targeted poor people	1,258	880	70	Up to Oct 2020
11	Expansion of cash allowance programs	815	23	3	Up to June 2020
12	Construction of home for homeless people	2,130	N/A	N/A	

Sl.	Name of the Package	Allocation (crore Tk.)	Disbursement (crore Tk.)	Implementation rate (Per cent)	Remarks
13	Additional procurement of paddy/rice (2.0 lakh ton)	860	N/A	N/A	
14	Support for farm mechanisation	3,220	168	5	Up to Nov 2020
15	Subsidy for agriculture	9,500	7,188	76	Up to Oct 2020
16	Agriculture refinance scheme	5,000	3,466	69	Up to 31 Jan 2021
17	Refinance scheme for professional farmer and small traders	3,000	1,429	48	Up to 31 Jan 2021
18	Employment creation through four state-owned entities	3,200	428	13	Up to Nov 2020
19	Safety net support for exporters of RMG, leather goods, shoes and suffering workers	1,500	N/A	N/A	
20	Subsidy for commercial banks' suspended interest of April-May, 2020	2,000	1,390	70	Required amount disbursed
21	Credit guarantee scheme for SMEs	2,000	NA	NA	Up to 31 Jan 2021

Source: MoF (2020a) and Bangladesh Bank (2021).

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