

Current Situation and Trends of Poverty in Bangladesh

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Abstract

Poverty reduction in the developing countries constitutes an important part of global poverty governance as it is a major obstacle to the sustainable development of human society. Bangladesh has carried out numerous economic as well as trade liberalization reforms since the early 1990s with sustained and accelerated economic growth and formulated a series of measures to reduce poverty, with remarkable results. However, Bangladesh is still stuck in the paradox of a poverty trap regardless of achieving poverty reduction. The sudden outbreak of the COVID-19 epidemic in 2019, gravely impacted the poverty reduction efforts made in Bangladesh, large number of poverty-stricken people returned to poverty, exceeding the number of extremely poor people. Although a series of poverty reduction measures have taken place in Bangladesh, yet it has not solved the poverty problem in the country. Based on the “Household

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Income and Expenditure Survey, released by Bangladesh Bureau of Statistics, this paper analyzes the current situation and the development trend of poverty in Bangladesh by combining some international poverty indexes. Finally, the paper explains the actual poverty situation of Bangladesh, its causes,, and recommends some relevant measures.

Keywords: Bangladesh; Poverty problems; Poverty reduction

Introduction

Bangladesh has carried out economic as well as trade liberalization reforms since the early 1990s, with sustained and accelerated economic growth, and formulated a series of measures to reduce poverty, with remarkable results. Since the early 2000s, the rapid economic growth of Bangladesh has promoted a significant growth of per capita income. From 2010 to 2020, Bangladesh's income nearly tripled, from less than \$700 to \$2,068; the highest level in South Asia's per capita Gross Domestic Product (GDP), elevating Bangladesh amongst middle-income ranking economies. According to the current growth trend, Bangladesh is expected to enter the upper-middle-income ranks by 2041. Moreover, the current rate of poverty reduction in Bangladesh indicates it to become the first country in South Asia to eradicate extreme poverty.

Although Bangladesh has made great achievements in poverty reduction, it has not completely solved the problem of inequality in the country. From 1971 to 2013, Bangladesh reduced the domestic poverty rate by 55.82%, but 44% of its citizens are still in extreme poverty, along with the problem of income inequality becoming increasingly prominent.¹ The sudden outbreak of the COVID-19 epidemic in 2019, gravely impacted the poverty reduction efforts made in Bangladesh. A large number of poverty-stricken people returned to poverty while exceeding the number of extremely poor people. The COVID-19 epidemic not only hindered the achievements of the poverty reduction goal in Bangladesh, it also reversed the efforts made, proving that poverty reduction strategy may need to be revised in the future to meet such unforeseen challenges. The inherent poverty problems in rural areas and cities still exist, along with limited urban resources, as well as the continuation of the uneven distribution trend. Therefore, in order to meet the goal and challenges of poverty reduction; Bangladesh still needs to improve its capacity, pay attention to practical problems and design specific policies. The inherent poverty

¹ Basharat Hossain, "Poverty in the 1973-2013 Periods: Success and its trends in Bangladesh," *Global Journal of Human-Social Science Research*, Volume 14 Issue 5 (2014):38-43.

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problems in rural areas and cities still exist, while the urban resources remain limited, along with the continuation of and the uneven distribution trend.

In terms of methodology, this paper utilizes quantitative and qualitative research methods both. However, qualitative methods are given preference. This paper is a deceptive analysis of poverty situation and trends in Bangladesh. Moreover, all the data of this study are collected from the secondary sources, mainly from the World Bank, UNDP, International Labour Organization (ILO) and Asian Development Bank (ADB) and Government of Bangladesh.

Present situation of poverty in Bangladesh

Bangladesh has a large population, a concentrated population density, a large number of poor groups in the country, a deep degree of poverty, and an obvious vulnerability to poverty. As a typical underdeveloped country in the world and South Asia, poverty has been hindering the development and progress of Bangladesh. This section mainly analyzes the current situation of poverty in Bangladesh based on the “Household Income and Expenditure Survey” released by Bangladesh Statistics Bureau and some international poverty indicators.

The poverty reduction effect has been achieved, and the poverty rate in urban and rural areas has continued to decline.

Since its birth, the poverty-laden population of Bangladesh has been halved by a record number. At present, the primary school enrollment rate is close to 100%. Hundreds of thousands of women have joined the labor force; with steady progress in the field of maternal and child health care (World Bank, 2019).² In the past 15 years, Bangladesh has lifted 25 million people out of poverty, and the number of poor people has dropped by half since 2000. In November 2018, the World Bank pointed out that

² World Bank, “Bangladesh Poverty Assessment: Facing old and new frontiers in poverty reduction”. Washington DC, https://socialprotection.gov.bd/wp-content/uploads/2019/10/Bangladesh-PA_Volume-1.pdf (accessed on Jan.5, 2022)

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“based on sustained economic development, Bangladesh’s poverty reduction efforts have made considerable progress.”³

The overall poverty reduction has achieved remarkable results

According to relevant data, the World Bank calculated the proportion of poor people in Bangladesh, showing the trend of the proportion of poor people in Bangladesh from 2000 to 2019.

As can be seen from Table 1 that implementation of the poverty reduction policies in Bangladesh has achieved significant results ever since its birth, with the proportion of poor people dropping by 28.4% and the level of extreme poverty dropping from 25.1% in 2005, to 10.5% in 2019.

Table 1.1⁴

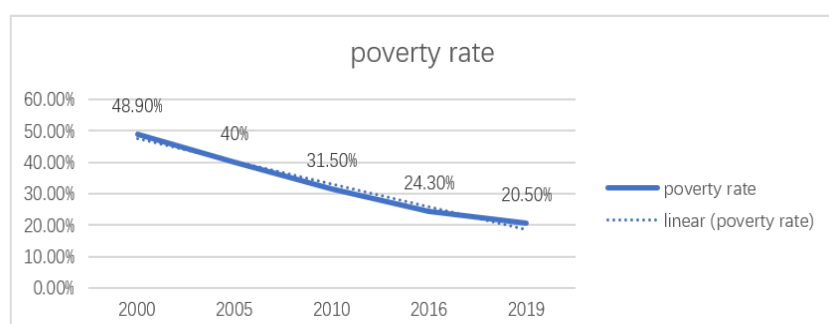


Table 1.2 and Table 1.3 show the poverty rates in rural and urban areas of Bangladesh. From the two tables, it can be observed that the poverty ridden population in rural areas of Bangladesh has been decreasing per annum, and the poverty rate in rural areas of Bangladesh has decreased by 17.1% from 2000 to 2010; while the poverty rate in urban areas has also decreased per year, from 35.2% in 2000 to 21.3% in 2010.

³ World Bank (2019), *Bangladesh Poverty Assessment: Facing old and new frontiers in poverty reduction*. Washington DC.

⁴ <https://data.worldbank.org.cn/indicator/SI.POV.NAHC?end=2016&locations=BD&start=1983&view=chart>

Table 1.2⁵

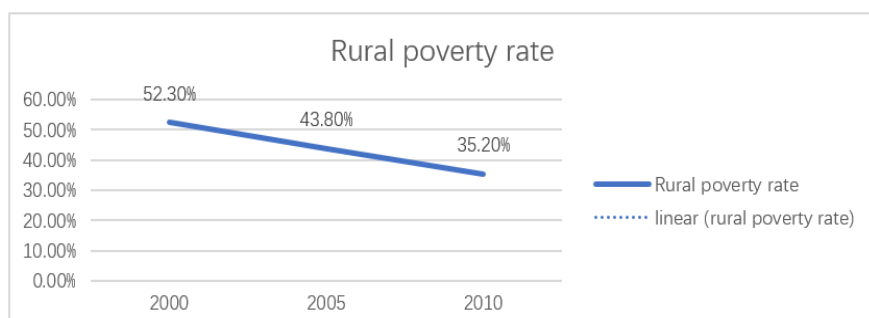
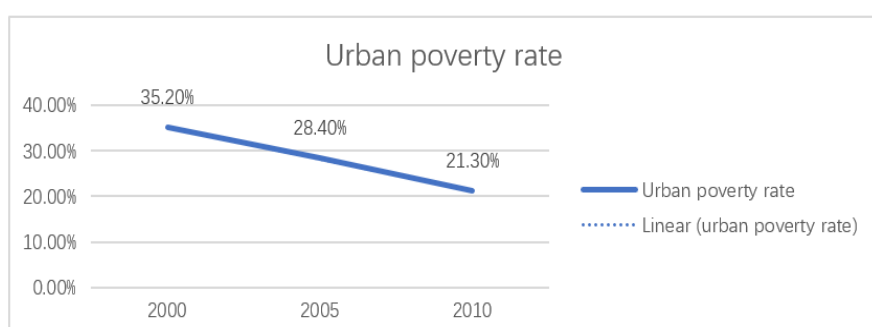


Table 1.3⁶



The Global Hunger Index (GHI) is one of the international indicators to measure the poverty level of a country. In October 2021, the International Food Policy Research Institute (IFPRI) released the 2021 Global Hunger Index Report. The report ranked Bangladesh at 76th, with a hunger index of 19.1, which belongs to the medium level (Global Hunger Index, 2021), showcasing hunger index of Bangladesh on a decline as a whole, with the hunger index of 34.0 in 2000, 28.9 in 2006 and 28.6 in 2012. This international index affirms Bangladesh's efforts to reduce the number of

⁵ World Data Atlas, "Bangladesh: Poverty headcount ratio at rural poverty line as a share of rural Population," <https://knoema.com/atlas/Bangladesh/Rural-poverty-rate> (accessed January 14, 2022).

⁶ Ibid.

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hungry people. As early as 2013, the GHI Global Hunger Index report released by the IFPRI affirmed the effectiveness of poverty reduction measures in Bangladesh. The report said that in the past 20 years, the hunger in Bangladesh decreased faster in 2013, and accredited Bangladesh as no longer a “worrying hungry country” (World Bank Group, 2019).

Bangladesh Bureau of Statistics (BBS) has also published specific data on its poverty reduction effectiveness. It used the basic needs cost method to measure income poverty and Direct Calorie Intake (DCI) to measure extreme poverty (absolute poverty and core poverty). DCI is used to determine absolute poverty and core poverty. If per capita calorie intake of a family is lower than the standard per capita nutrition requirement of 2212 kcal/day, the family is absolutely poor. If the per capita calorie intake of a family is less than 1805 kcal/day, the family belongs to the core poverty. Bangladesh also takes the level of household income and expenditure as a measure of poverty.⁷

Table 1.4⁸
Statistics of moderate and extreme poverty population in Bangladesh:
1991/92-2010 (based on basic needs cost method)

Year	Medium poverty rate			Extreme poverty rate		
	village	city	country	village	City	country
1991-92	58.7	42.7	56.6	43.7	23.6	41.0
1995-96	54.5	27.8	50.1	39.4	13.7	35.1
2000	52.3	35.2	48.9	37.9	20.0	34.3

⁷ Basharat Hossain, “Poverty in the 1973-2013 Periods: Success and its trends in Bangladesh,” *Global Journal of Human-Social Science Research*, Volume 14 Issue 5 (2014):38-43.

⁸ Khandker, Shahidur R., and Hussain A. Samad, “Microfinance Growth and Poverty Reduction in Bangladesh: What Does the Longitudinal Data Say?,” *The Bangladesh Development Studies*, vol. 37, no. 1 & 2, Bangladesh Institute of Development Studies (2014):130-131.

2005	43.8	28.4	40.0	28.6	14.6	25.1
2010	35.2	21.3	31.5	21.1	7.7	17.6

Table 1.5⁹
Percentage of people with moderate and severe inadequate food intake (calories) from 1991 to 1992 to 2010

year	Moderate deficiency (< 2122 kcal/person/day)			Serious shortage (< 1805 kcal/person/day)		
	village	city	country	village	City	country
1991-92	47.6	46.7	47.5	28.3	26.3	28.0
1995-96	47.1	49.7	47.5	24.6	27.3	25.1
2000	42.3	52.5	44.3	18.7	25.0	20.0
2005	39.5	43.2	40.4	17.9	24.4	19.5
2010	36.8	42.7	38.4	14.9	19.7	16.1

In the document on poverty and extreme poverty rate in Bangladesh for 2018-2019, released in 2019, (Bangladesh Bureau of Statistics, 2019), the BBS calculated the poverty rate and extreme poverty rate in the country with household income and expenditure as indicators and drew the following conclusions: since 2000, the poverty rate and extreme poverty rate in Bangladesh have been decreasing continuously, and the specific data are shown in Table 6.

⁹ Khandker, Shahidur R., and Hussain A. Samad. "Microfinance Growth and Poverty Reduction in Bangladesh: What Does the Longitudinal Data Say?," *The Bangladesh Development Studies* 37, no.1&2 (2014): 127–57.

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Table 1.6¹⁰

	HIES 2000	HIES 2005	HIES 2010	HIES 2016	2016- 2017	2017- 2018	2018- 2019
					Estimated	Estimated	Estimated
Poverty	48.9	40	31.5	24.3	23.1	21.8	20.5
Extreme poverty	34.3	25.1	17.6	12.9	12.1	11.3	10.5

Source: Bangladesh Bureau of Statistics, HIES: Household Income and Expenditure Survey Poverty and extreme poverty position

According to the data released by the World Bank (World Bank Group, 2019), the annual GHI and the BBS, the poverty reduction in Bangladesh is quite effective, and the domestic poverty rate is decreasing year by year, mainly due to the poverty reduction measures taken by Bangladesh.

Formulating measures to help reduce poverty

Since 1973, Bangladesh has formulated a series of development plans focusing on poverty from the perspective of planned economic growth; continuous improvement of productivity; and steady improvement of people's material and cultural living standards. Many five-year plans have shown that poverty alleviation has always been the core issue of the development plans. From the perspective of goals and strategies, the general trend is to give priority to poverty alleviation.¹¹

¹⁰ Wage Earners Remittance (portal.gov.bd)

¹¹ Salehuddin Ahmed, "Poverty reduction strategies and development in Bangladesh," *International Poverty Reduction Center in China*, (2010):5-6.

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Bangladesh's poverty reduction strategy includes efforts to accelerate growth; increase domestic and foreign employment; and improve poverty by emphasizing public expenditure on agriculture; micro-finance and rural infrastructure; and social protection. The key factors of poverty reduction in Bangladesh include GDP growth; employment, labour productivity and real wage growth; as well as remittance and expansion of micro-finance. GDP is the decisive factor in poverty reduction in Bangladesh (Bangladesh Bureau of Statistics, 2018). The growth of GDP has greatly reduced poverty. In addition, the continuous attention and policy support to the agricultural sector has also promoted the development of productivity and increased agricultural income. With the improvement of labour productivity and the contraction of the agricultural labour market, real agricultural wages have increased substantially. The real wages of non-agricultural employment have also increased, as it is an important factor in the reduction of rural and urban poverty.

Remittance is also a key factor in poverty reduction in Bangladesh. In recent years, the outflow of Bangladeshi workers has greatly increased, and relevant data show that the skills of the outflow workers have improved qualitatively. In the Fiscal Year 2019, the government of Bangladesh provided a special incentive measure to increase the exchange rate by 2% to support foreign remittances. As a result of this policy, remittance inflows increased significantly in FY2018. Many research surveys show that remittance reduces poverty through several channels, and the multiplier effect of remittance inflow is the main influencing factor of rural transformation and diversified employment and income base of the rural poor.

Microfinance has greatly changed the situation of the rural and urban poor in Bangladesh. Information and Communication Technologies (ICT) based new financial instruments are slowly changing the access of poor people to financial services in the rural and urban areas. Microfinance is a mature financial model for poverty alleviation, mainly aimed at the poorest farmers, with women in poor families as the main target

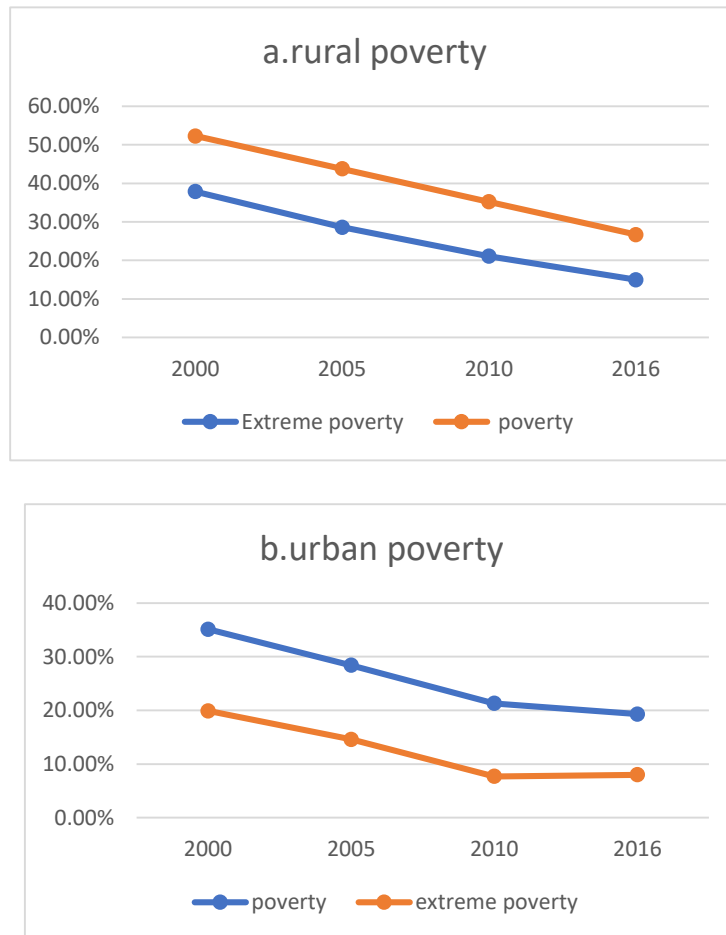
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benefactors, without mortgage and guarantor, along with a five-person joint guarantee instead of mutual supervision. At the same time, it also exchanges wealth information, disseminates scientific and technological knowledge, and improves the operation and development ability of lenders. In the field of microfinance, the Microfinance Supervision Bureau (MRA) formulated rules in 2010, to properly supervise microfinance institutions and protect borrowers and lenders. The number of borrowers has since increased from 20.4 million in the fiscal year 2015 to 25.76 million, in the fiscal year 2019, with an increase in the total loan amount from 634 billion takas to 1,335 billion takas, in the same period. Bangladesh has also adopted the National Inclusive Finance Strategy (NFIS-B) to ensure that all citizens can afford it. The transaction of mobile financial services increased fourfold from 2014 to 2020.

Poverty reduction in rural areas is faster than that in cities.

The poverty rate in Bangladesh continues to decline, with the poverty reduction rate in rural areas faster than in the urban areas. From 2010 to 2016, 90% of poverty reduction in Bangladesh occurred in rural areas. Although the poverty rate in urban areas has also decreased, the rate is much lower than before. From Table 1.7, we can see the rate of poverty reduction in rural and urban areas.

Table 1.7¹²



The progress in poverty reduction is mainly driven by non-agricultural sectors (i.e. industries and services). The work in rural areas is more non-agricultural, with obvious characteristics of non-agriculture. Rural non-agricultural employment is on the increase, and the rural population who

¹² World Bank Group, “Bangladesh Poverty Assessment Facing Old and New Frontiers in Poverty Reduction”, <https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf>

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choose non-agricultural work is also increasing continuously. In urban areas, it is mainly the garment industry that promotes urban poverty reduction. In 2010, the poverty rate of households engaged in the industry was higher than that of households engaged in the service industry. By 2016, the poverty rate of industrial households was almost the same as of households engaged in the service industry. The reason for this convergence primarily is because the poverty level among industrial families has decreased, while the poverty rate of those engaged in the service industry has remained unchanged.

Similarly, the poverty rate of self-employed workers in the service industry has increased significantly, which has hindered the overall progress of the urban areas. The poverty rate of middle-income and daily-income workers in the industry has dropped sharply, and the wages and daily-income workers in the service industry have also made good progress, contributing to the overall progress of the urban areas; whilst, the poverty rate of self-employed workers in the service sector in urban areas has increased (World Bank Group, 2019).

The slow pace of job creation in the manufacturing industry has also inhibited urban poverty reduction and inadvertently reduced the participation rate of the female labour force. Bangladesh's labour force is engaged in industry, which limits the poverty reduction caused by industrial growth in the country. In addition, the slowdown of employment growth in the garment and textile industries has also contributed as a factor for the decline of the female labour force participation rate. From 2005 to 2010, the overall labour force participation rate in urban areas increased due to the substantial increase in the female labour force participation rate. In this regard, it is imperative to expand the clothing industry, making it an important sector for the increase in the female labour force participation rate as 80% of the employees in the industry are women (World Bank Group, 2019).

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However, from 2010 to 2016, the female labour force participation rate dropped by about 4%. The poverty reduction rate in urban areas is much slower than that in rural areas, which is mainly due to the slower poverty reduction rate in Dhaka and the rising poverty rate in Chittagong. There is no progress in reducing urban extreme poverty: the proportion of the urban population in extreme poverty was 7.7% in 2010, and 7.6% in 2016. Given Bangladesh's continued urbanization during this period, more people are living in extreme poverty in Bangladesh's cities (3.3 million) than in 2010 (3 million).

There are regional differences in poverty reduction

In Bangladesh, about 80% of the population lives in rural areas, automatically turning the rural areas as poverty hubs. Although poverty reduction has been achieved in both rural and urban areas, cross-regional poverty reduction has not yet been achieved, with significant differences between the east and the west in the poverty reduction effect in rural areas. The poverty reduction effect in the eastern region is better than that in the western region. After the 1990s, the regional differences among regions benefiting from rapid economic growth became obvious.¹³ Since 2010, the poverty rate in Lambour has been on the rise, which is located in the northwest Bangladesh resulting in a state of poverty. The situation in eastern and central Bangladesh is relatively good; the poverty rate in Chittagong has decreased moderately, and the poverty rates in Balissal, Dhaka and Sylhet have decreased rapidly. The rapid rate of poverty reduction in the east has widened the gap between the east and west of Bangladesh (World Bank Group, 2019).

COVID-19 epidemic impact on the effectiveness of poverty reduction

The COVID-19 epidemic in 2019, a sudden public health catastrophe brought a great impact around the world, and Bangladesh was no

¹³ Samiya Ferdousi, Wang Dehai, "Economic Growth, Poverty and Inequality Trend in Bangladesh," *Asian Journal of Social Sciences & Humanities*, Vol. 3, (2014):1-11.

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exception, as it was hit by health crisis with a big proportion having multiple blows. The domestic economic growth slowed down, with a sharp drop in exports along with a significant decrease in remittances.¹⁴

In Bangladesh, due to mass unemployment, the labour market experienced a major impact. More than 85% of the labour force worked in the informal markets, hence, the total impact on the unemployment situation mostly remained hidden. This global health crisis issue created a plethora of problems. It also brought the understanding in the policy circles of Bangladesh that better future policies must be equipped to face such challenges, as they have an important influence on aggravating poverty.

The epidemic situation in COVID-19 caused two types of unemployment; the unemployment caused by the temporary blockade; and the unemployment caused by the permanent unemployment. It is estimated that due to the two-month blockade in Bangladesh, the number of temporary unemployed people in the country was approximately between 12 million and 17 million in 2020. The closure of four major economic sectors caused unemployment havoc; around 7 million jobs in micro and small and medium-sized enterprises; 5 million jobs in transportation; 3 million jobs in construction; and 3 million jobs in manufacturing, were temporarily discontinued leading to temporary unemployment. The agricultural sector added 10 million unemployed people.¹⁵

¹⁴ Chris Pain , Stephen Devereux, “The Impact of Covid-19: Bangladesh Research Report”, <https://reliefweb.int/sites/reliefweb.int/files/resources/Covid%2019%20Impact%20Paper%201%20-%20Bangladesh%20Final.pdf> (accessed January 15, 2022).

¹⁵ Mohammad Imran Hossain, “COVID-19 Impacts on Employment and Livelihood of Marginal People in Bangladesh: Lessons Learned and Way Forward,” *South Asian Survey*, 28(1) 57–71, (2021):58.

Table 1.8 shows the unemployment situation in Bangladesh in 2020.

Table 1.8¹⁶

gender	unemployment rate	Youth unemployment rate (15-24 years old)	Labor shortage rate
overall	4.3%	12%	7.1%
Men	3.3%	10%	4.8%
Women	6.4%	15%	11%

Due to the sudden decrease in the remittance income, poor remittance families in rural areas also became more vulnerable, threatening Bangladesh's long-term success in poverty reduction since the 1990s. In addition, many people who came out of extreme poverty in the past and moved towards the poverty line before the epidemic; later became threatened to fall into poverty or extreme poverty again, due to the COVID-19 epidemic further leading to chronic poverty. Keeping in mind this growing trend, there is every likelihood that an increasingly serious poverty situation may continue to grow making it further difficult for Bangladesh to achieve Sustainable Development Goals (SDGs) before 2030.¹⁷

According to the Statistics of the Planning Bureau of the Ministry of Planning of Bangladesh, the ratio of extremely poor people in Bangladesh increased from 10.5% to 20.5% due to the COVID-19 epidemic. The Planning Bureau also estimated that the overall poverty rate in Bangladesh has increased from the previous 20.5% to 29.4%, challenging its role

¹⁶ Mohammad Imran Hossain, "COVID-19 Impacts on Employment and Livelihood of Marginal People in Bangladesh: Lessons Learned and Way Forward," *South Asian Survey*, 28(1) 57–71, (2021):58.

¹⁷ Md. Ziauddin Iqbal, "Covid-19 triggers impact on poverty," June 26, 2021, <http://thefinancialexpress.com.bd/views/covid-19-tiggers-impact-on-poverty-1624645283> (accessed January 15, 2022).

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further to reduce the absolute poverty rate in Bangladesh to 7% and the overall poverty rate to 15.5% by 2025. The COVID-19 epidemic has offset and reversed the poverty reduction efforts made by Bangladesh in the past decade, as the poverty rate in Bangladesh has returned to the level of 2010.¹⁸

Bangladesh's efforts to increase the female labour force participation rate and achieve gender parity in primary and secondary schools, have all contributed to the poverty reduction in the country. Nevertheless, this effort has also fallen victim to the outbreak of the COVID-19 epidemic that threatened the overall percentage and accumulation of female human capital and economic empowerment in Bangladesh. Similarly, closure of the schools meant that millions of students, especially female students, lost several months of learning opportunities. According to some data, as a result, female students were more likely to spend time doing household work and looking after their families since the implementation of epidemic-related restrictions in Bangladesh. The blockade measures further interrupted economic activities and the labour market, resulting in a decline in large number of jobs with women labour leading to the unequal division of labour at home.¹⁹

The residents of poverty-stricken localities in urban areas and the rural poor who depended on the daily income for their livelihood were the ones hit the most and fell serious victims to the unemployment traps due to the COVID-19 epidemic. At present, 646,000 people are living in more than 3,300 slums in Dhaka, the capital, most of who work in the informal sector. On the other hand, more than 70% of Bangladesh's population lives in the rural areas. Since the outbreak of new crown pneumonia, the average income of these poor people has dropped by more than 80%.

¹⁸ Ministry of Commerce, PRC, <http://www.mofcom.gov.cn/article/i/jyjl/j/202008/20200802991937.shtml>.

¹⁹ Hartwig Schafer, "Empowering women is critical to poverty reduction in South Asia's poorest countries," <https://blogs.worldbank.org/zh-hans/voices/zainanya-dequzuiqingongguojiaxiangnuxingfuquanduijianpinzhiguanzhongyao> (accessed January 15, 2022).

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People in slums lost 82% of their daily income, from the previous 108 takas to 81 takas, while the average daily income loss in the rural areas was 56 takas, which was 79% lower than the previous 89 takas.²⁰

The research of Bangladesh's think tank shows that the COVID-19 epidemic has added 24.5 million poor people in Bangladesh, accounting for 14.75% of the total population in Bangladesh. The income of interviewees decreased by 7% compared with that before the epidemic; the rural poor were less affected by the epidemic than the urban poor, whose income dropped by 13.7% in the past year. Urban informal loans increased by 86%, and urban residents reduced their spending on food by 17% due to the epidemic. About 9.8% of the population returning from cities to rural areas, has not yet returned to cities, and the income of urban slum dwellers has dropped by 14%.²¹

For the poor and ordinary Bangladeshi residents, the state's response to the COVID-19 epidemic also had a great impact on their lives. The government put forth lockdowns obligating residents not to go out of their homes, which in result, made people lose opportunities to make money and affected their ability to buy food. The imposition of travel restrictions also affected the supply of fresh food and made many people pay a huge price.

Bangladesh's government implemented the blockade policy, without a corresponding aid package, for the people. Certain aid allowances and packages resulted in an uneven distribution at multiple levels, along with distortion on the scale and frequency of aid distribution. It is further warranting the already improved poverty situation in Bangladesh to worsen, however, with a constant neglect to the poor population.

²⁰ Mohammad Imran Hossain, "COVID-19 Impacts on Employment and Livelihood of Marginal People in Bangladesh: Lessons Learned and Way Forward," *South Asian Survey*, (2021):62-63.

²¹ Debapriya Bhattacharya, Towfiqul Islam Khan, Md Mursalin Hossain Rabbi, *Covid-19 and Bangladesh Macroeconomic Impact and Policy Choices*. Center for Policy Dialogue (CPD), (2021).

Take measures to deal with the COVID-19 epidemic

When the COVID-19 broke out in March 2020, the whole country was blockaded. In the face of this situation, the Bangladesh government adopted a rapid policy response, and introduced a stimulus package that covered many fields. A large part of the stimulus package provide credit at subsidized interest rates through the banking system, and to Ready Made Garments (RMG) departments, agriculture, microfinance and other affected areas. The scope of social protection was further expanded through food distribution and cash transfer programs.²²

Moreover, multiple Non-Governmental Organizations (NGOs) and microfinance institutions played an important role in coping with the COVID-19 epidemic, and had a profound impact on the poor and vulnerable groups all over the country. NGOs launched relief and reconstruction programs for the poor in the fight against the pandemic. In addition, many volunteer groups were also involved and provided hand sanitizer and masks for the poor to help them overcome health and safety precautions, thus improving the safety of the project. According to the government's instructions, NGOs have suspended the recovery of loans. Microfinance borrowers are not under pressure, nor are they included in the list of delinquents, as the loan term was postponed to June 2020. However, in many cases the poor people affected by COVID-19 got no access to the assistance program of the NGOs, and after June 2020, NGOs began to recover and pay loans.

With the declining infection rate and mortality rate, the situation has eased, and microfinance has started to develop at an average speed. However, the borrowers of micro-loans are trying to regain their vitality. They spontaneously responded to the loan business and repaid their previous loans to restore their ongoing economic activities. Therefore, the recovered loans rose sharply, which quickly hit the recovery rate of the

²² Md. Ziauddin Iqbal, "Covid-19 tiggers impact on poverty," June 26, 2021, <http://thefinancialexpress.com.bd/views/covid-19-tiggers-impact-on-poverty-1624645283> (accessed January 16, 2022).

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non-governmental microfinance institutions. Due to the nationwide blockade, the recovery rate of the non-governmental organizations, microfinance institutions dropped sharply in early April 2020.²³

The COVID-19 epidemic has made the Bangladeshi government realize that internal and external shocks may affect the poverty reduction achievements that the country has worked hard to achieve in the past few decades. Therefore, it is very important to improve the government's ability and execution to deal with the crisis of multiple natures along with COVID-19 and to develop people's resilience and internal ability to deal with the crisis.²⁴

Unfairness persists

Sustained and fair economic growth inevitably reduces poverty, but in Bangladesh, economic growth has not yet been fairly distributed, furthering the economic crisis and gap between the rich and the poor. Due to the widening domestic resource distribution gap, the number of people living in poverty has increased. The unbalanced growth model in Bangladesh is the main obstacle to poverty reduction and hampers economic growth.

The gap between urban and rural areas is widening

There is a big gap between the urban and rural poverty rates. Extreme poverty is obvious in rural areas, and the extreme poverty rate in rural areas is much higher than that in the urban areas. For example, in 2000, the poverty rate in the urban areas was 32.2%, while the poverty rate in the rural areas only dropped to 32.2% in 2010. Only 7.7% of the urban

²³ Md. Ziauddin Iqbal, "Covid-19 tiggers impact on poverty," June 26, 2021, <http://thefinancialexpress.com.bd/views/covid-19-tiggers-impact-on-poverty-1624645283>(accessed January 16, 2022).

²⁴ Ibid.

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population is in extreme poverty, while the proportion of the rural population in extreme poverty is 21.1% at the same time.²⁵

In the process of poverty reduction in Bangladesh, the problem of unfairness has always existed. Bangladesh has made a remarkable progress in increasing GDP growth and reducing poverty. However, important policy challenges have emerged, related to income inequality. The Development Results Framework (DRF) emphasizes that reducing income inequality is an important development goal, and it is included in the development results framework. It specifically seeks to reduce the Gini coefficient of consumption from 0.32 in the Fiscal Year 2010 to 0.30 in the Fiscal Year 2020, and stabilize the Gini coefficient of income inequality at 0.46.²⁶

The government's strategy to solve the problem of income inequality is multifold and includes; reforming public expenditure and paying more attention to health; education; agriculture and rural development; increasing employment; labour productivity and wages; developing human capital beneficial to the poor; expanding micro-credit and loans to improve the living conditions of the poor; increasing the opportunities for the income growth of the poor and promoting their income growth. Tax reform focusing on progressive personal income tax is also one of the major components of the strategy that targets to improve the opportunities for poor people to enjoy social security plans.²⁷

The impact of economic growth and other macroeconomic changes on poverty are affected by changes in income and consumption distribution. In Bangladesh, the inequality of consumption distribution is lower than that of the income distribution, and the inequality of income distribution is

²⁵ Economic Relations Division Ministry of Finance Government of the People's Republic of Bangladesh, "*Bangladesh Country Report for Triennial Review 20 21*", <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/Bangladesh-2021-Plenary-B.pdf>, (2021):13 (accessed Jan.16, 2022).

²⁶ Ibid.

²⁷ Ibid.

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much lower than that of wealth distribution. Taking the Gini coefficient as a measure, the relative imbalance between rural and urban areas in the country has intensified overtime. The degree of inequality in urban areas is higher than that in the rural areas.

Table 1.9²⁸
Relatively unfair distribution of income

Gini coefficient		
	Village	City
1983-84	0.350	0.370
1988-89	0.368	0.381
1991-92	0.364	0.398
1995-96	0.384	0.444
1997	0.390	0.430
1999	0.360	0.420
2000	0.393	0.497
2005	0.428	0.497
2010	0.430	0.452

The analysis of income inequality and its sources can be summarized as the growth of rural areas based on new income. The new income sources mainly include non-agricultural self-employed income, salary, and foreign remittances but extreme poverty cannot benefit from these new income sources. As a result, inequality in rural areas has increased over the years. In urban areas, extremely poor cannot fully obtain new sources of income, such as non-agricultural self-employed income, paid wages, remittances from abroad and housing rental value. In addition, almost all poverty alleviation programs, including human capital development programs and

²⁸ Mujeri, Mustafa K. "Poverty Trends and Growth Performance: Some Issues in Bangladesh." *The Pakistan Development Review*, vol. 39, no. 4, Pakistan Institute of Development Economics, Islamabad, (2000): 1176.

basic health care services programs, are only targeted in the rural areas,²⁹ resulting in income inequality throughout Bangladesh.

Urban poverty reduction work is not balanced

The poverty reduction work of various economic sectors in urban areas is also not very balanced, and the poverty rate of the urban manufacturing sector is decreasing much faster than that of the service sector, with insignificant changes in the latter's poverty rate. Industrial families in 2016, are richer than those in 2010, but this is not the case for families mainly engaged in the service industry. In 2016, the poverty rate of urban households engaged in the service industry was as high as that of 2010, but the poverty rate of urban households mainly engaged in the industry was much lower.

Industrial services are of broad categories, including many different sub-sectors. Poverty reduction in the industry is mainly concentrated in clothing and construction industry. There are many sub-sectors services, ranging from drivers and street vendors to doctors and financial practitioners. The situation in different sectors is very different. The transportation sector has made great efforts to reduce poverty, but this part of the staff only accounts for a small part of the service sector. The progress of poverty reduction in commerce is very slow, and the poverty rate in other sub-sectors of the service industry is increasing constantly. Among them, the poverty rate of self-employed workers is the fastest, which hinders the overall progress of poverty reduction in the service industry.³⁰

²⁹ Samiya Ferdousi, Wang Dehai, "Economic Growth, Poverty and Inequality Trend in Bangladesh," *Asian Journal of Social Sciences & Humanities*, Vol. 3, (2014):7.

³⁰ Rahman, Hossain Zillur, and Ruth Hill. "Poverty in Urban Bangladesh: Trends, Profiles and Spatial Differences." *The Bangladesh Development Studies*, vol. 4 2, no. 2/3 (2019): 146–147.

Development Trend of Poverty in Bangladesh

The Bangladesh Bureau of Statistics publishes a round of “Household Income and Expenditure Survey” report (HIES) every five years, citing important data related to national income, expenditure, consumption and poverty status in the last five years. It is the main reference material for investigating the poverty situation in Bangladesh, and it is of great help to study the poverty situation in Bangladesh such as, the incidence of poverty and the gap between the rich and the poor. According to the latest official poverty estimate for 2016-2017, Bangladesh has made remarkable progress in poverty reduction since 2000. The high poverty rate was halved to 24.3%, and the extreme poverty rate dropped by two thirds to 12.9%. However, the recent trend from 2010 to 2016 shows that during the period of rapid economic growth, the speed of poverty reduction has slowed down. The main reason for the slowdown in poverty reduction was the progress in the urban areas. In 2016, the Gini coefficient was 32.4, which hardly changed since 2000 (World Bank Group, 2019)

The COVID-19 outbreak caused unprecedented crisis in Bangladesh, due to which poverty increased dramatically in the short-term. Poverty is the result of many factors. These factors change affect and decide the poverty of the subject and the degree of poverty. Only by analyzing the trends of poverty in Bangladesh and finding out the root causes of poverty can we take effective poverty reduction measures to truly grasp the crux of the poverty. Therefore, this section mainly focuses on the analysis of poverty trends in Bangladesh.

Trends of urban and rural poverty in Bangladesh

Bangladesh’s urban areas and urban population have been growing rapidly. Since independence, the urban population of Bangladesh has grown at an average annual rate of nearly 6%, while the national population growth rate was about 2.2% at that time.³³ The growth of the urban population is imbalanced between different sub-cities and more than 60% of the Bangladeshi urban population is mainly concentrated in four big cities; Dhaka, Chittagong, Kurna and Rajshahi. The United

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Nations (UN) estimates that by 2030, more than half of the population in Bangladesh will live in cities. However, urbanization of Bangladesh has not been planned yet, and most urban slums and low-income settlements are facing major problems of poverty and lack of basic services.

One-fifth of poor families live in the cities of Bangladesh, and more urban families are eager to become middle class. In urban areas, especially in big cities, the progress of poverty reduction has slowed down. Therefore, the number of people living in extreme poverty in Bangladeshi cities is 3.7 million, about 700,000 more than in 2010 (Titumir R.A.M., 2021). According to the current speed of urbanization and poverty reduction, by 2030, more than half of poor families will live in urban areas.

Table 2.1: Trend of urban population and poverty ratio from 2000 to 2030³¹

Year	Population source census data (year)/forecast of the city share	City share Population (per cent)	City share poor people (percentage)	City share Extremely poor people (cents per capita)
2000	23.8 (2001)	20.1	14.4	11.7
2005		24.7	17.5	14.4
2010	28.0 (2011)	26.3	17.8	11.5
2016		29.1	22.3	18.0
2030	45.6		51.5	

³¹ Rahman, Hossain Zillur, and Ruth Hill, "Poverty in Urban Bangladesh: Trends, Profiles and Spatial Differences," *The Bangladesh Development Studies*, vol. 4 2, no. 2/3, (2019):132.

The urban poor lack basic social security

People migrate to cities for different reasons, among which economic and environmental factors are the main reasons. After losing their ancestral land due to frequent floods in Bangladesh, erosion, poverty and other reasons, most people migrates to cities and took refuge in densely-populated slums. At present, about 2.23 million people are living in slums in Bangladesh, compared to 1.39 million in 1999.³² Like other developing countries, slums in Bangladesh lack infrastructure, such as, suitable housing, safe drinking water, sanitation facilities and medical care. Limited access to basic services is usually related to the political environment because local influential people control the water and electricity supply in informal settlements such as slums. In addition, the enrollment rate and graduation rate of slum children is low, and the urban poor, especially women and children, are malnourished and unable to get proper medical care.

From the following facts, it can be seen that the government's request to help poor urban communities is reasonable, and many families in urban slums are still very poor and vulnerable to influences that may threaten their welfare. So far, the social security system in Bangladesh is mainly aimed at the needs of the rural poor, not the urban poor. Until the last decade, when the Seventh Five-Year Plan and the National Social Security Plan were put forward, various measures were taken to solve the problem of urban poverty. Although Bangladesh has recently initiated a national social security plan, it was expected to expand the coverage of social security plans for urban poor communities, but the situation has hardly improved.

Urban poverty has obvious characteristics, and about 19% of the urban population lives below the poverty line, which is still a serious threat to

³² Rahman, Hossain Zillur, and Ruth Hill, "Poverty in Urban Bangladesh: Trends, Profiles and Spatial Differences," *The Bangladesh Development Studies*, vol. 4 2, no. 2/3, (2019):132.

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Bangladesh's social development.³³ Due to its specialization, poverty reduction strategies and programs need to deal with the urban poverty from different angles. With the increase in the urban population, the existing policies and programs aimed at reducing the number of urban poor have proved ineffective. Therefore, the formulation and implementation of effective policies and programs is a prerequisite for overcoming the urban poverty.

The urban poverty rate is relatively high

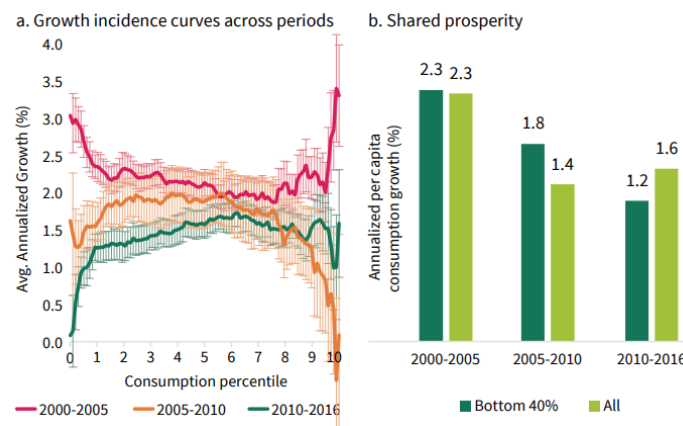
Bangladesh's progress in poverty reduction reflects sustained economic growth. High-speed and stable economic growth, coupled with a low population growth rate, has created favourable conditions for poverty reduction to a certain extent. From 2000 to 2016, the average annual GDP has increased by 6%, and the average annual GDP per capita has increased by 4.4%. This growth is in line with the growth rate in South Asia.³⁴ However, in comparison to pre 2000s, the poverty reduction effect brought by economic growth is not as good as in the past. From 2010 to 2016, the GDP growth accelerated, while the poverty reduction slowed down, and the poverty reduction (the elasticity of poverty reduction to growth) per percentage point of per capital growth dropped from 0.88 to 0.73 (World Bank Group, 2019). On the extreme poverty line, the elasticity of poverty reduction to per capita GDP growth was decreased by one-third, from 1.24 to 0.86. Higher economic growth did not lead to faster poverty reduction, partly because average consumption growth could not keep up with the GDP growth. Although GDP growth accelerated between 2010 and 2016, compared to before 2010, household survey data showed that consumption growth slowed down, as shown in

³³ Planning Commission, Government of Bangladesh, Research and Policy, Integration for Development (RAPID) UNDP Bangladesh, "Diagnostics for Urban Poverty and the Social Security Needs of the Urban Poor in Bangladesh", <https://rapidbd.org/wp-content/uploads/2020/05/Summary-Report-Urban-Poverty-and-the-Social-Security.pdf>, (2019) (accessed January 16, 2022).

³⁴ Rahman, Hossain Zillur, and Ruth Hill. "Poverty in Urban Bangladesh: Trends, Profiles and Spatial Differences." *The Bangladesh Development Studies*, vol. 42, no. 2/3, (2019):146–147.

Figure 2.1. The share of private consumption in GDP decreased from 74% in 2010 to 69% in 2016. For the poorest 40% of Bangladeshis, the consumption growth decreased from 1.8% in 2005-2010 to 1.2% in 2010-2016.³⁵

Figure 2.1 Consumption growths have slowed down³⁶



In addition, the speed of urban poverty reduction has slowed down, with about one fifth, that is, 19% of the urban population living in poverty, which is very high in both absolute and relative figures.³⁷ This is related to the trend of urban extreme poverty, which is surprising considering that the real urban wages in the formal and informal sectors are rising continuously since 2010, and the urbanization process is developing rapidly. The growing difference between Dhaka and other cities can partly

³⁵ World Bank Group, “Bangladesh Poverty Assessment Facing Old and New Frontiers in Poverty Reduction” <https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf>, (2019) (accessed January 16, 2022).

³⁶ Rahman, Hossain Zillur, and Ruth Hill. “Poverty in Urban Bangladesh: Trends, Profiles and Spatial Differences.” *The Bangladesh Development Studies*, vol. 42, no. 2/3, (2019):132.

³⁷ Global Hunger Index Scores by 2021 GHI Rank - Global Hunger Index (GHI) - peer-reviewed annual publication designed to comprehensively measure and track hunger at the global, regional, and country levels <https://www.globalhungerindex.org/ranking.html> (accessed January 16, 2022).

explain this, although the poverty rate in Dhaka, the largest city in Bangladesh, has decreased the poverty rate in Chittagong, the second-largest city, has increased significantly from 6.6% to 16.9%. The poverty rate in other urban centers has decreased, but it is slower than that in the rural areas.³⁸

Epidemic situation aggravates urban vulnerability

According to the latest household income and expenditure survey in Bangladesh, urban poverty accounts for 10% of the total poverty, but its decline rate is lower than that of most rural areas.³⁹ However, outbreak of the COVID-19 epidemic has changed this situation. The epidemic has created an unprecedented crisis in Bangladesh resulting in poverty to increase dramatically in a short period, some of which will be “temporary poverty” and some will be “new poverty.” Majority of the non-poor people are concentrated in the urban informal self-employed service departments, and their vulnerability is also revealed with the blockade of the state. This is a phenomenon of commercialization of the labour force. In this industry, income is completely controlled by and sensitive to highly fluctuating demand. This demand has dropped sharply, which not only has a direct impact on the reduction of a large amount of income of urban families but also leads to the transformation of non-poor people into poor people. Under the uncertain background after the crisis, the employment opportunities in the garment industry will be greatly reduced, and the slowdown of consumer demand and social distance measures are expected to reduce the income of households engaged in the labour-intensive industries such as, informal services and construction.

³⁸ Barnwal P, Yao Y, Wang Y, et al. “No excess mortality detected in rural Bangladesh in 2020 from repeated surveys of a population of 81,000”, <https://doi.org/10.1101/2021.05.07.21256865> (2021) (accessed January 16, 2022).

³⁹ World Bank Group, “Bangladesh Poverty Assessment Facing Old and New Frontiers in Poverty Reduction”, <https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf> (accessed January 16, 2022).

The reduction of international remittances is another important source of income which has affected the current situation. In addition, the epidemic and the consequent medical burden and related interruption will aggravate the negative impact on access to services and poverty. Slums and urban areas, with high population density and refugee camps in Cox's Bazar, may be more vulnerable.

Rural poverty is still the main problem

Since 1990, Bangladesh has made great progress in the fight against poverty. At present, the proportion of people living in poverty (defined as those who spend less on food and basic necessities) has dropped by about 10 percentage points.⁴⁰ However, many challenges remain, as the poor still account for about half of the total population, and the absolute number of the poor remains stable. In addition, one-third of the population still lives in extreme poverty, unable to meet the needs of food and basic necessities. Nonetheless, poverty is still mainly prevalent in rural areas, as more than 85% of the poor people live in the rural areas.⁴¹ Therefore, even if more and more rural people migrate to urban areas to seek better job opportunities, rural poverty is still an important problem in poverty reduction in Bangladesh.

At the same time, the agricultural sector is the main job hub of rural residents, with 61% of rural men and 56% of rural women working in the agriculture sector whether on their land or as agricultural labourers.⁴² Therefore, improving the agricultural productivity of rice and other staple

⁴⁰ Hill R, Genoni M, Sen B, "Poverty in Bangladesh in the 2010s-Progress, Drivers, and Vulnerabilities: An Introduction", https://bids.org.bd/uploads/publication/BDS/42/42-2&3/0_Poverty%20in%20Bangladesh.pdf (2019) (accessed January 17, 2022).

⁴¹ World Bank Group, "Bangladesh Poverty Assessment Facing Old and New Frontiers in Poverty Reduction", <https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf> (2019), (accessed January 17, 2022).

⁴² Titumir R. A. M., *Poverty and inequality in Bangladesh*. (Palgrave Macmillan: 2021).

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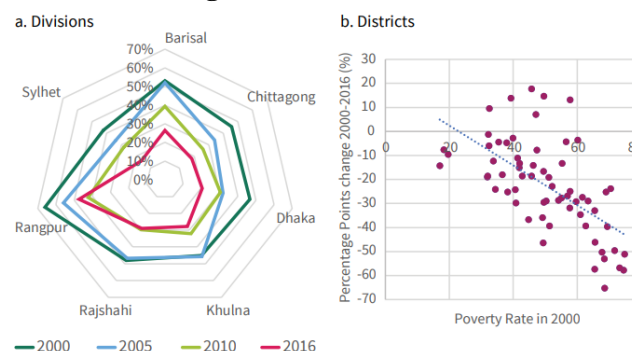
foods, and diversifying them into higher-value crops may have a significant impact on the fate of the poor in Bangladesh. Moreover, farms across Bangladesh are extremely small, and nearly half of the rural residents have no land, but the poverty level of this population is very high, begging special assistance because they can only indirectly benefit from the assistance to improve the planting system.

In addition to very low income, many poor people in Bangladesh still have no access to basic services. Although nutrition and basic health care have improved, almost half of the children are still seriously underweight, and many school-age children are not yet enrolled in schools. There are many challenges in drinking water and sanitation. The increase of tube wells in rural areas has reduced people's dependence on the surface water and the incidence of water-borne diseases, but the serious threat caused by arsenic pollution in these wells has not been fully solved.

The gap between rural poverty and east-west is obvious

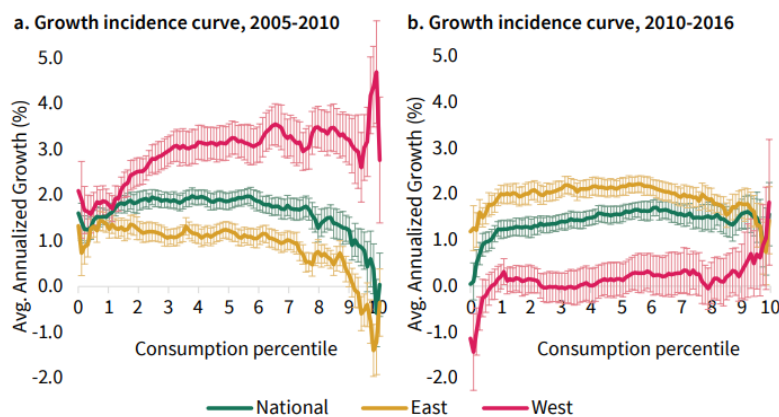
There is an obvious gap in poverty reduction between eastern and western Bangladesh. From 2000-2016, the poverty rate in all provinces across Bangladesh decreased, and the gap between regions also narrowed. During this period, except for Lambour province after 2010, the poverty rate of all provinces decreased. In addition, the poverty reduction rate was higher in poorer areas in the early 2000s, as shown in Figure 2.2.

Figure 2.2 Changes in poverty in various provinces and regions of Bangladesh from 2000 to 2016



Since 2010, the poverty rate in Lambour province, which has always been relatively poor in the northwest of Bangladesh, has increased, while the poverty rate in Rajshahi and Kurna, which are also in the west, has not increased. The situation in eastern and central Bangladesh is better compared to western Bangladesh, with the poverty rate in Chittagong dropping slightly below, and the poverty rates in Barisar, Dhaka and Sylhet dropping rapidly (Table 1.2). The acceleration of poverty reduction in the eastern region has widened the gap between the eastern and western parts of Bangladesh, which has narrowed from 2005 to 2010.⁴³

Figure 2.3 Comparison of consumption growth between East and West in 2005-2016⁴⁴



⁴³ Jolliffe, Dean; Sharif, Iffath; Gimenez, Lea; Ahmed, Faizuddin, “Bangladesh: Poverty assessment: assessing a decade of progress in reducing poverty, 2000-2010”. *Bangladesh development series; paper no. 31*(2013): xiii.

⁴⁴ Staff calculations using HIES 2000, 2005, 2010, and 2016. Notes: West includes the divisions of Rangpur, Rajshahi, and Khulna. East includes the divisions of Barisal, Chittagong, Dhaka, and Sylhet. Figures present growth incidence curves, which indicate the growth in consumption for people at each level of consumption (from the poorest on the left to the richest on the right).

Table 2.2 Uneven regional poverty reduction⁴⁵

	Poverty rate		Extreme poverty rate	
	2010	2016	2010	2016
Barisar	39.4	26.4	26.7	14.4
	(3.3)	(1.5)	(3.2)	(1.3)
Chittagong	26.2	18.3	13.1	9.0
	(2)	(1.2)	(1.4)	(0.9)
Dhaka	30.5	20.5	15.6	9.9
	(1.6)	(1.1)	(1.1)	(0.7)
Kurna city	32.1	27.7	15.4	12.1
	(2.3)	(1.3)	(1.6)	(0.8)
Rajshahi	29.7	29.0	16.0	14.3
	(2.1)	(1.5)	(1.6)	(1)
Lampur	42.3	47.3	27.7	30.6
	(3.2)	(1.3)	(2.9)	(1.2)
Silcht	28.1	16.2	20.7	11.5
	(3)	(1.7)	(2.5)	(1.4)

Analysis of the causes of poverty trends in Bangladesh's urban and rural areas

What are the reasons of Bangladesh's different performances in poverty reduction? This section aims to explain the reasons for the different poverty reduction rates between rural and urban areas and the re-emergence of the gap between the east and the west. The first part emphasizes on the role of household assets change as the driving force of consumption growth and emphasizes the important role of population structure and education investment. The second part mainly expounds on the reasons why there is a gap between the east and the west.

Family assets and education

The change of family assets (such as human capital, physical assets, and access to economic services) and the income from these assets is a core factor behind the consumption growth. This section examines the progress

⁴⁵ Staff calculations using HIES 2010 and 2016. Note: Divisions are defined in a comparable way across time. Standard errors in parentheses.

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of demography, education, and other non-monetary aspects of the well-being, and how this progress has promoted consumption growth. Since its independence, Bangladesh has made a remarkable progress in improving human development, including life expectancy, fertility rate, infant and child mortality rate, education, access to housing services, and sanitation facilities.

From 2010 to 2016, the fertility rate continued to decline, resulting in a continuous decline in the family size and the number of dependents per household. In Bangladesh, the fertility rate dropped from more than 6 children per woman in the early 1980s to 2 children per woman in 2017, almost reaching the replacement level.⁴⁶ From 2010 to 2016, the family size and the average number of children per woman continued to decrease (as shown in Table 2.3), resulting in a decrease in the dependency ratio. From 2010 to 2016, the family size of poor families and non-poor families showed a similar decline. However, poor families are still much larger than non-poor families, so on average, adults of every working-age in poor families must support more non-working age members.

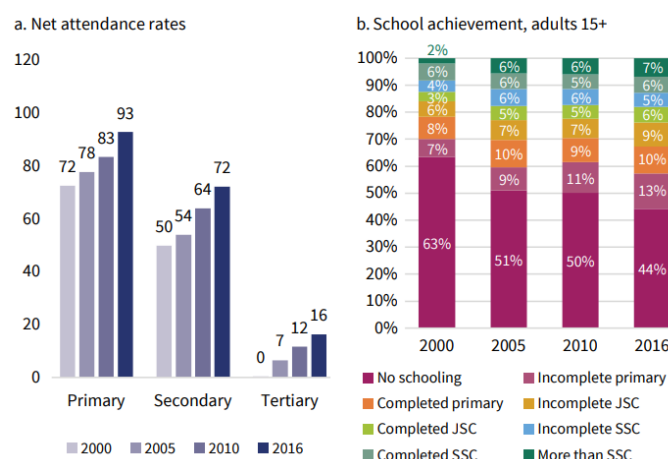
While the fertility rate in Bangladesh is declining, life expectancy is prolonged and infant and child mortality rates have greatly reduced. Since 2000, life expectancy at birth has increased by 8.9 years for women and 6.2 years for men (as shown in Table 2.3), while the infant mortality rate has dropped sharply, from 64 to 27 per 1,000 live births. In addition, the continuous increase in the number of students attending school has also significantly improved the education level of the adult population. From 2000 to 2016, the net enrollment rate of primary schools increased by 20%; secondary schools increased by 22%; and universities increased by

⁴⁶ Kotikula, A., R.V. Hill, and W. Raza., “What Works for Working Women? Understanding Female Labour Force Participation and Incomes in Urban Bangladesh”, *Background paper for the Bangladesh Poverty Assessment 2010-2016/17* (2019), World Bank, Washington, DC.

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16%. Over the years, the investment in children's education is being transformed into a more educated working-age population.

Figure 2.4 Progress in education from 2000 to 2016⁴⁷



Education has continued to expand, reducing gender inequality. Although adult women are generally less educated than men, young women are reversing this disadvantage. The substantial increase in the number of schools and the subsidy scheme for girls have all helped to narrow the gender gap in the enrollment rate. The improvement of women's education level also provide women with better choices as well as chances in the labour market and increases the participation of the female labour force, which in turn improves women's reproductive choice and

⁴⁷ Staff calculations using HIES. Note: Junior Secondary School (JSC) refers to completion of Grade 8. Secondary school (SSC) refers to completion of Grade 10. The HIES only collects information on whether the person is currently attending school, therefore the attendance figures will be lower than official enrollment rates.

empowerment in the family.⁴⁸ The enrollment rate of the poor has also increased faster, narrowing the differences in school performance among socio-economic groups. From 2010 to 2016, the gap between the average years of education of poor and non-poor adults decreased from 3 years to 2.2 years. However, the literacy rate of poor heads of households (38%) is still much lower than that of the non-poor heads of households (59%) (ILO, ADB, 2016).

Table 2.3 Progress in Non-monetary Aspects of Well-being⁴⁹

	2000	2005	2010	2016
Household statistics				
Average family size	5.2	4.8	4.5	4.1
Average number of children under 8 years old	1.1	0.9	0.8	0.7
Access to housing services and land ownership				
Percentage of households with piped well water	51.5	57.8	57.7	59.1
Percentage of households with running water	6.8	7.6	10.6	12.0
Percentage of households with electricity	31.2	44.2	55.2	76
Percentage of households with arable land	41.4	45.4	41.0	32.3
Education				
Literacy rate (adults over 18 years old)	43.0	49.6	53.9	60.1
Average years of schooling (adults over 18 years old)	3.3	4.1	4.4	4.7
Enrolment rate (6-18 years old)	63.9	66.6	73.9	80.4
Health				
Total fertility rate (number of births per woman)	3.2	2.7	2.3	2.1+

⁴⁸ “Bangladesh Poverty Assessment Facing Old and New Frontiers in Poverty Reduction”, <https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf> (2019), (accessed on Jan.17, 2022).

⁴⁹ Ibid.

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Female life expectancy at birth (years)	65.7	68.7	71.5	74.6+
Life expectancy at birth, male (years)	65.0	67.3	69.0	71.2+
Life expectancy at birth, total (years)	65.3	67.9	70.2	72.8+
Infant mortality rate (per 1,000 live births)	64.0	50.4	38.9	26.9+
Incidence of stunting, age and height (percentage of children under 5 years old)	50.8	45.9	41.4*	36.1**
Prevalence of underweight, age weight (percentage of children under 5 years old)	42.3	37.3	36.8*	32.6**
Malnutrition rate (percentage of population)	20.8	16.6	16.9	15.2

The slow progress in the western rural areas has led to the re-emergence of the gap between the east and the west

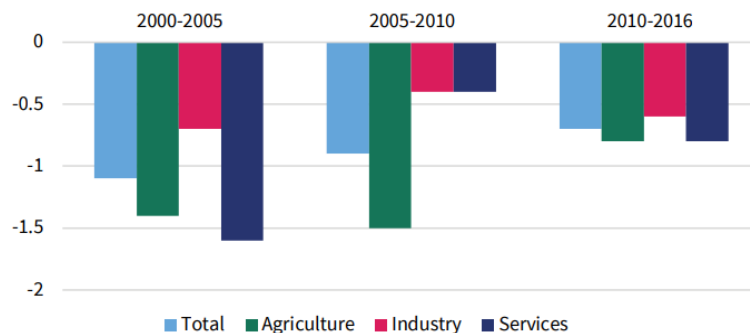
From 2010 to 2016, agriculture played a small role in poverty reduction, which partly reflected the low growth of agriculture. From 2010 to 2016, the annual growth of agriculture was 2.3%, while from 2005 to 2010; the annual growth rate was 4.1%. After 2010, the slowdown of agricultural growth led to a decline in the agricultural employment. In recent years, agricultural growth was affected by the negative weather impact from 2012 to 2013, which greatly reduced its overall growth rate. The slowdown of agricultural growth led to the decline in multiple crop farming including rice yield growth rate, from 5.1% per year from 2005 to 2010 to 1.2% from 2010 to 2016.⁵⁰ In addition, from 2010 to 2016, the poverty reduction effect of the agricultural growth weakened, while that of industrial and manufacturing growth increased. Nevertheless, the impact of growth in any sector on poverty reduction is very small. This is in contrast to the general trend, in which the growth of agriculture tends to reduce poverty more than the growth of other sectors (Figure 2.5). Before 2010, for every 1% increase in the agricultural GDP, the poverty rate of agricultural households will decrease by 1.5%. From 2010 to 2016, this

⁵⁰ Govindaraj, Ramesh; Dhushyanth Raju, Federica Secci, Sadia Chowdhury, and Jean-Jacques Frere, “Health and Nutrition in Urban Bangladesh: Social Determinants and Health Sector Governance”. *Directions in Development—Human Development*, (2018) (accessed January 17, 2022).

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elasticity was almost halved to -0.8. During this period, households in Bangladesh's industrial and service sectors achieved poverty reduction of 0.6% and 0.8% respectively.⁵¹

Figure 2.5 Poverty elasticity in 2000-2016



On the other hand, the progress in rural areas is not consistent. The slow progress in education and population change in the western rural areas has led to the re-emergence of the gap between the east and the west. The decline rate of family size in rural areas of the western provinces is slower than that of the eastern provinces, and the growth of education is half that of the eastern rural areas. From 2010 to 2016, the average years of schooling of the rural family members in eastern areas increased by 0.88 years, but the number of rural families in the western areas only increased by 0.43 years. This shows that the possible contribution of education in western rural areas to consumption growth is only half of that in the eastern rural areas.⁵²

In the urban areas of western Bangladesh, education and family size reduction have made rapid progress. Compared with the east, the western

⁵¹ "Bangladesh Poverty Assessment Facing Old and New Frontiers in Poverty Reduction", <https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf> (2019) (accessed on January 17, 2022).

⁵² Ibid.

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urban areas are developing faster, which in the long run can help to reduce the economic disadvantages of the western urban areas. The average land ownership of the rural households in the western provinces has also dropped sharply. From 2010 to 2016, the scale of landholding declined, especially in the west. Households with more land have higher consumption, which means that the rural households in the western Bangladesh are poorer (Dev Bhatta, 2019).

According to the report “Household Income and Expenditure Survey” (HIES) of the Bangladesh Bureau of Statistics, many traditional drivers of poverty reduction in Bangladesh have been playing certain roles. These include; increasing education levels, low fertility rate, agricultural growth, and international migration have all helped reduce poverty in the rural areas. The growth of the rural service industry and manufacturing industry have once again become an important driving force for progress. In urban areas, lower fertility rates and increased welfare of manufacturing employees are crucial to poverty reduction. However, it is obvious that these drivers also have some limitations. In western Bangladesh and urban areas, the improvement of education levels is more limited, and the rate of return on education in urban areas has dropped sharply.

Compared to the past, the growth rate of agriculture is low and the poverty reduction effect is poor, which is especially challenging for western rural areas as the livelihood of the western areas is mainly concentrated in agriculture. At the same time, Bangladesh is also facing the problems of slow progress in the structural transformation and the decline of international migration and remittances.

Conclusion

Bangladesh has indeed made a significant progress in poverty reduction over the decades, as evident by various poverty measures such as the Human Development Index (HDI), the Global Hunger Index (GHI), and the achievements of the five-year development plans implemented by the government from 1973 to 2015. Although Bangladesh has made great

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achievements in poverty reduction, it has not completely solved the problem of inequality in the country yet. From 1971 to 2013, Bangladesh reduced the domestic poverty rate by 55.82%, but 44% of its citizens still remain subject to the menace of extreme poverty, while the problem of income inequality has become increasingly prominent. At the same time, the COVID-19 outbreak has created an unprecedented crisis in Bangladesh, potentially increasing poverty at an alarming rate in the short term. Moreover, the sharp decline in the demand for the manufactured goods, especially export-oriented demand, has led to a sharp decline in the employment opportunities, which in the past had been an important driver of poverty reduction. In addition, households in the labour-intensive industries have suffered large losses in labour income as demand slows and factories close.

In a nutshell, Bangladesh is facing new and re-emerging poverty problems. What is needed to promote the solution of these problems is a great change, and it is necessary to combine the traditional and new programs, which will be the key to solving poverty in Bangladesh.■

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