

COVID-19 and Protection of Workers: An Inclusive Sustainable Pathway

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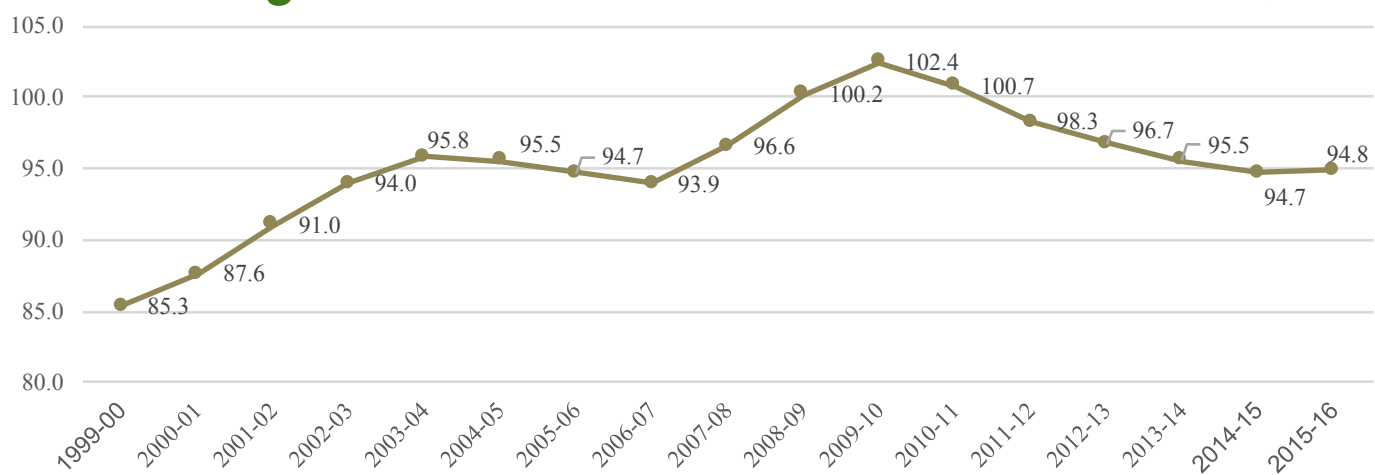


Annual average growth rate of GDP, employment, labour productivity and real wage (%)

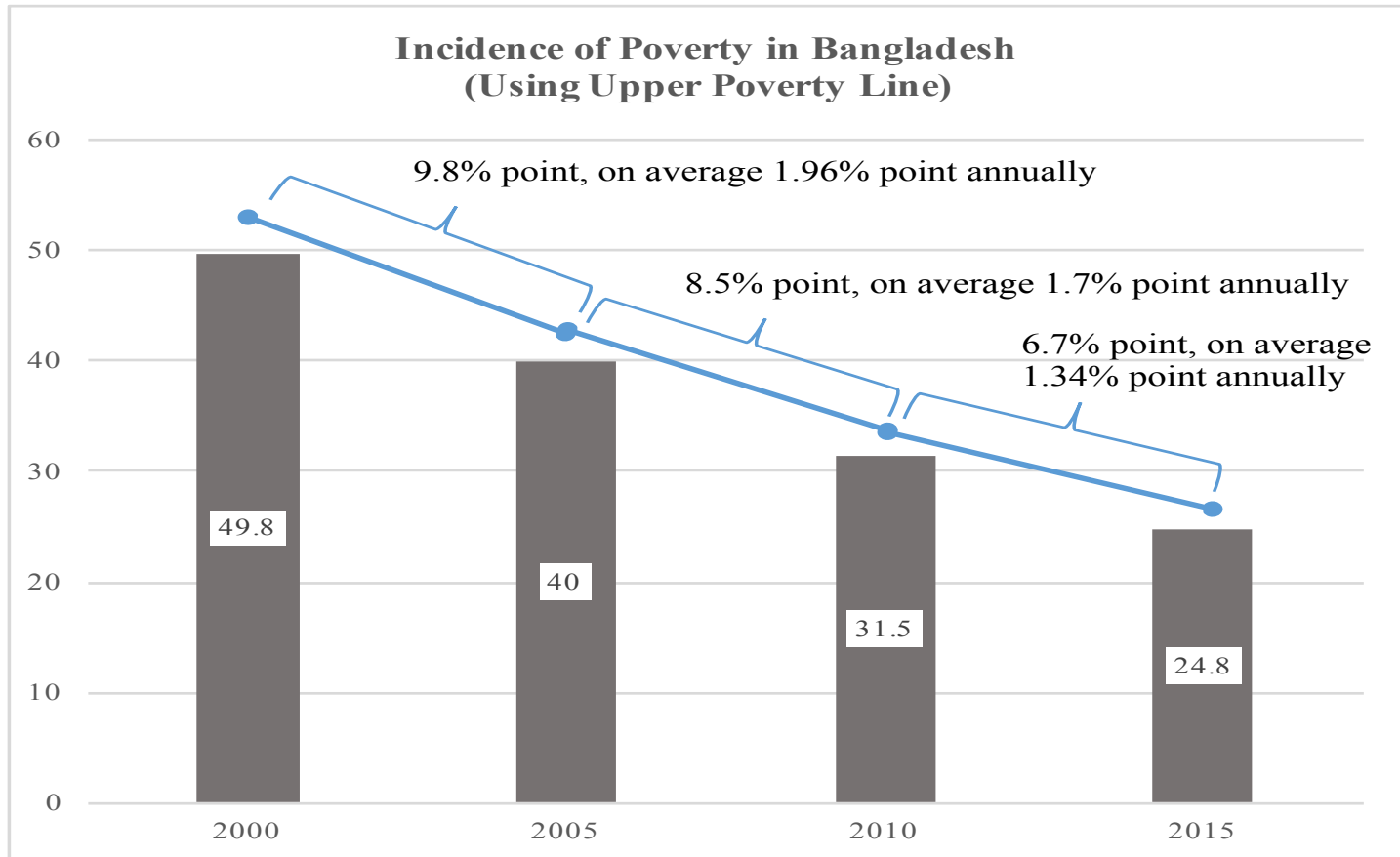
Period	1985/86 - 1995/96	1995/96 - 2005/06	2005/06 - 2015/16
Real GDP growth	4.21	5.56	5.89
Employment growth	1.33	3.14	2.3
Labour productivity growth	2.88	2.42	3.59
Real Wage growth	1.26	1.16	0.03

- 41 per cent of youth NEET
- Youth unemployment (10.6%, more than two and a half times the national average)
- High educated youth unemployment

Trend in real wages of unskilled workers (2010/11 = 100), 1999-2016



Deceleration in rate of reduction of poverty



Concentration and Centralisation of Income

Gini coefficient and Palma ratio

Year	1991-92	1995-96	2000	2005	2010	2016
National	0.39	0.43	0.45	0.47	0.46	0.48
Rural	0.36	0.38	0.39	0.43	0.43	0.45
Urban	0.4	0.44	0.5	0.5	0.45	0.5

Percentage Share of Income	1985-86	1995-96	2005	2016
Income Share of Bottom 40%	18.17	15.54	14.36	13.01
Income Share of Middle 50%	50.37	49.78	48.00	48.83
Income Share of Top 10%	31.46	34.68	37.64	38.16
Total	100.00	100.00	100.00	100.00
Palma ratio	1.73	2.23	2.62	2.93

Consumption and Nutritional Inequality

Average per capita calorie intake (kcal.)

Year	1995-96	2000	2005	2010	2016
National	2240.0	2240.3	2238.5	2318.3	2210.4
Rural	2251.1	2263.2	2253.2	2344.6	2240.2
Urban	2209.1	2150.0	2193.8	2244.5	2130.7

Average per capita protein intake (grams)

Year	1995-96	2000	2005	2010	2016
National	64.96	62.5	62.52	66.26	63.8
Rural	64.45	61.88	61.74	65.24	63.3
Urban	67.5	64.96	64.88	69.11	65.0

Regional Inequality

GINI coefficient for income

Year	National	Rural	Urban
1973	0.36	0.35	0.38
1981	0.39	0.36	0.41
1983	0.36	0.35	0.37
1985	0.38	0.36	0.37
1988	0.38	0.37	0.38
1991	0.39	0.36	0.4
1995	0.43	0.38	0.44
2000	0.45	0.39	0.5
2005	0.47	0.43	0.5
2010	0.46	0.43	0.45
2016	0.48	0.44	0.43
Change (1973- 2016)	0.12	0.09	0.05
Average annual rate of change	0.76	0.62	0.5

Regional Dimension of Poverty: 2016 (headcount index; percent)

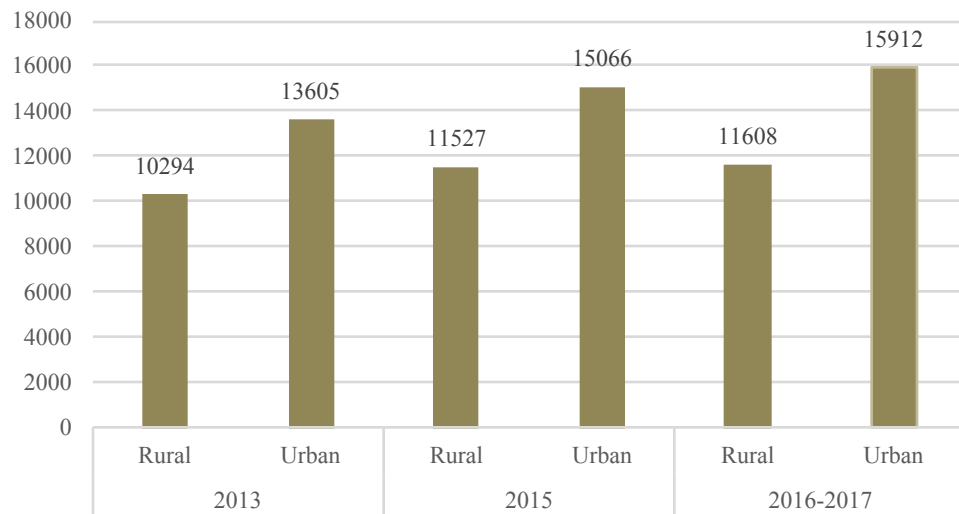
Division	Poor	Extreme Poor
West	34.6	19.1
Barisal	26.4	14.4
Khulna	27.5	12.4
Rajshahi (old)	37.5	21.9
Rajshahi (new)	28.9	14.2
Rangpur	47.3	30.6
East	20.5	10.4
Chittagong	18.3	8.6
Dhaka	19.6	9.4
Sylhet	16.2	11.5
All	24.2	12.8

Wage gap (average monthly income)

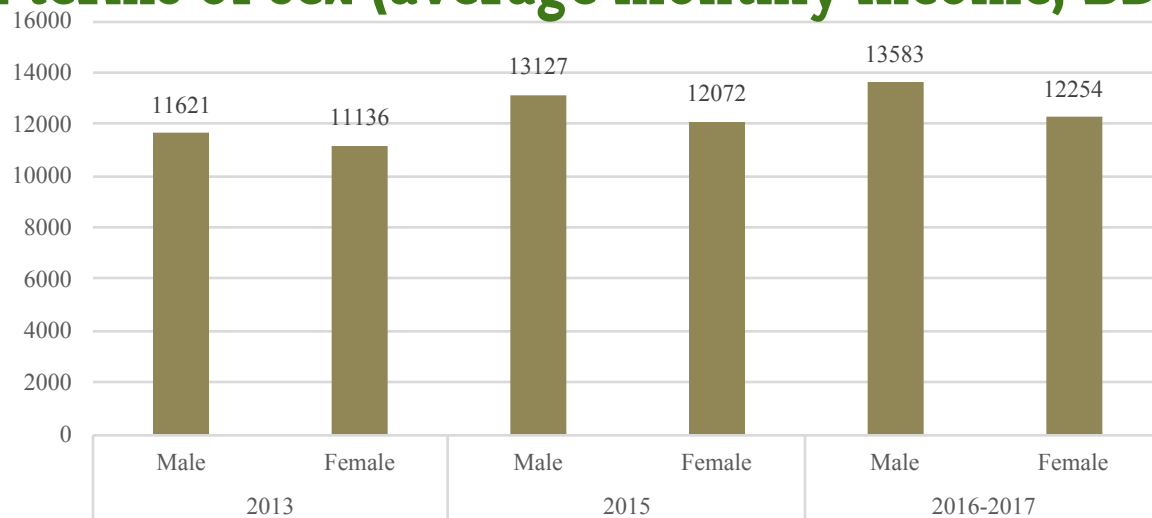
Year	2013		2015		2016-2017	
Location	Rural	Urban	Rural	Urban	Rural	Urban
Monthly income	10294	13605	11527	15066	11608	15912

Inequality in Labour Market Outcomes

Average monthly income by rural urban regions, 2013-2017 (BDT)



Wage gap in terms of sex (average monthly income, BDT)



Gross domestic product

Losses of some productive sectors in growth during COVID-19

Sectors	Projected Contribution to GDP in 2020	Estimates of Loss (in crores BDT)	Actual estimated contribution after loss	Percentage share in GDP
RMG	446881.7588	38,000	408,882	15.49%
Agriculture	252786.5764	56,000	196,787	8.76%
SMEs	88974.9024	476	88,499	3.08%
Tourism	27005.50044	5,700	21,306	0.94%
Banks	90015.238	10,956	79,059	3.12%
Airlines	1646.963644	1,361	286	0.06%
Total	907310.9398	112,493	794817.9398	31.44%

Source: Unnayan Onneshan.2020

Estimation of GDP

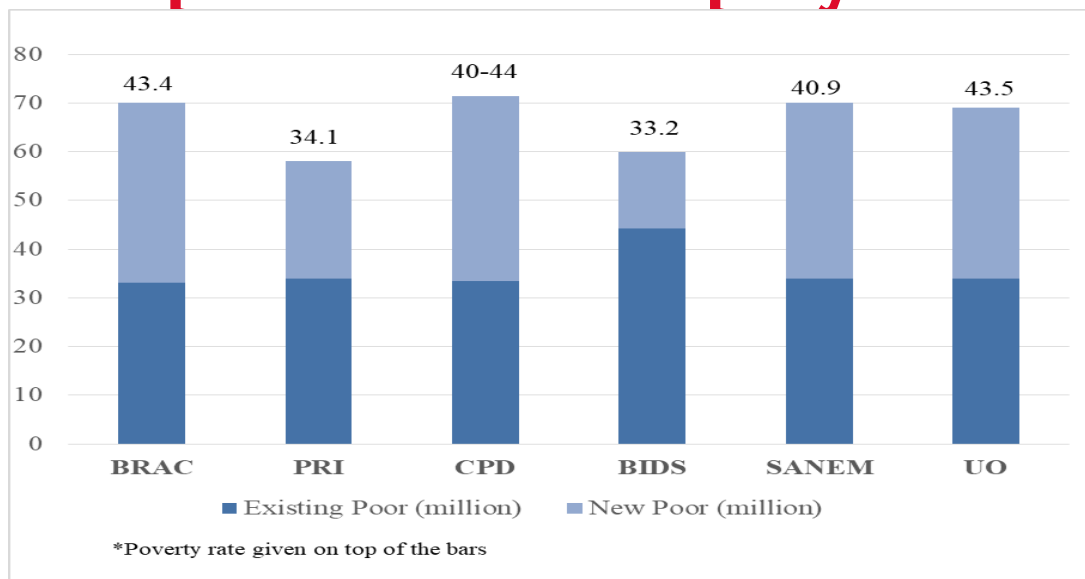
% drop in sectorial contribution	Provisional nominal GDP in 2019-20	Sectorial loss as % of GDP	Expected nominal GDP in 2019-20	Expected real GDP in 2019-2020	Nominal GDP in 2018-19	Real GDP in 2018-19	Real GDP growth
12.40%	2885872	3.9%	2773380	1154627	2536177	1105510	4.4%

Changes in growth rate

FY	Growth	Annual change in growth	GDP billion	GDP Increment (Billion)
2015-16	7.11	0.56	17328.60	2170.60
2016-17	7.28	0.17	19758.20	2429.60
2017-18	7.86	0.58	22504.80	2746.60
2018-19	8.15	0.29	25361.77	2856.97
2019-20	5.2	-2.95	28057.00	2695.23
2020-21	8.2	3	31718.00	3661.00

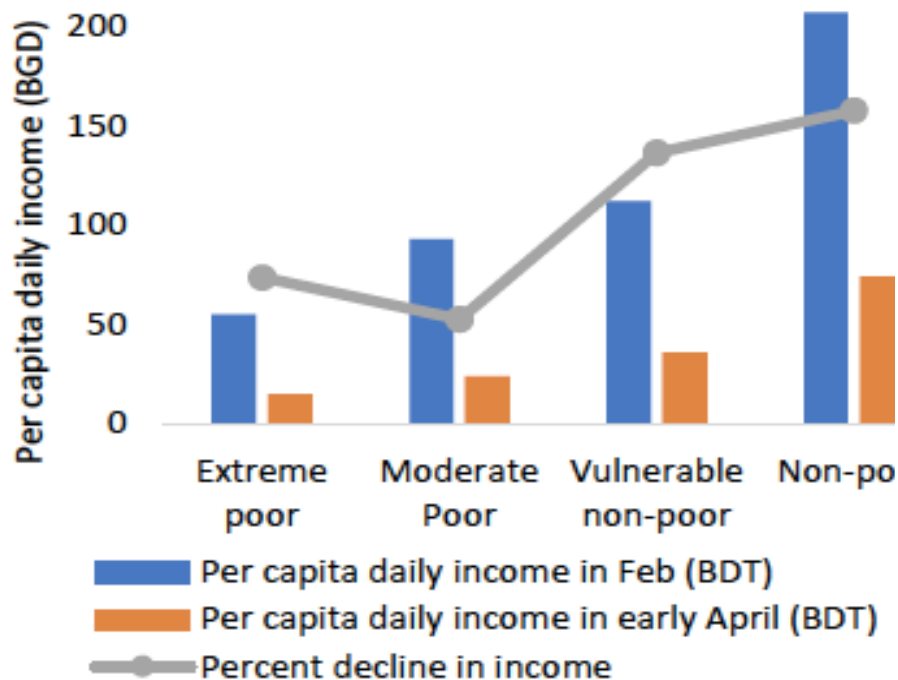
Source: Author's calculation

New poor and unemployed



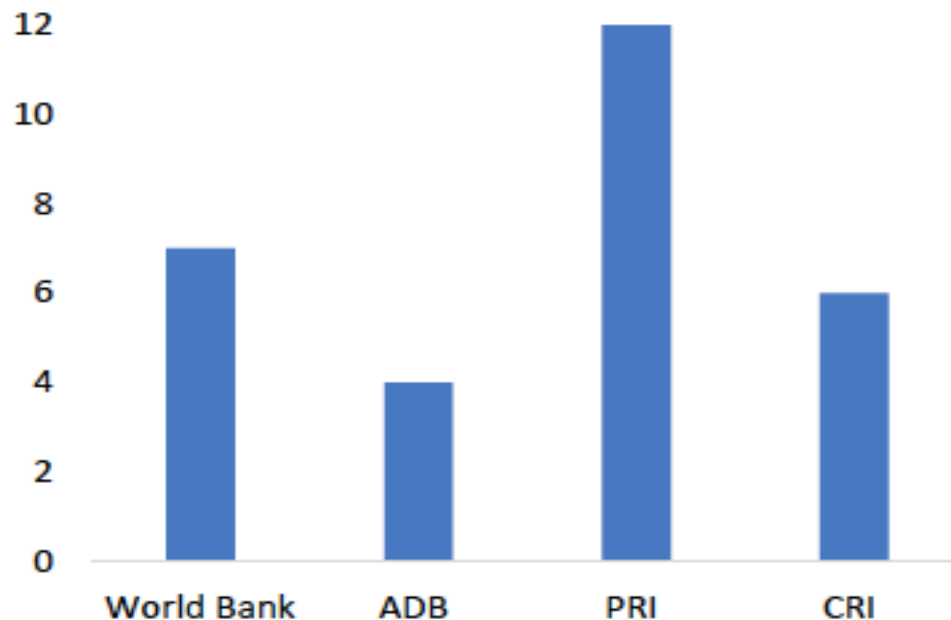
Research Organisations	Findings
BIDS	13 percent of the population will become unemployed. 80 percent of the urban workers will face income erosion while 10 percent of rural workers will have a decline in earnings.
BRAC, DataSense and Unnayan Shamannay	A decline of 74 percent in income while 74 percent of the families are hit economically from the pandemic
Policy Research Institute	According to the estimation, 15 million workers on the way of becoming unemployed
Unnayan Onneshan	Unemployment will rise by at least 3 percent due to decline in GDP.

Per capita daily income decline



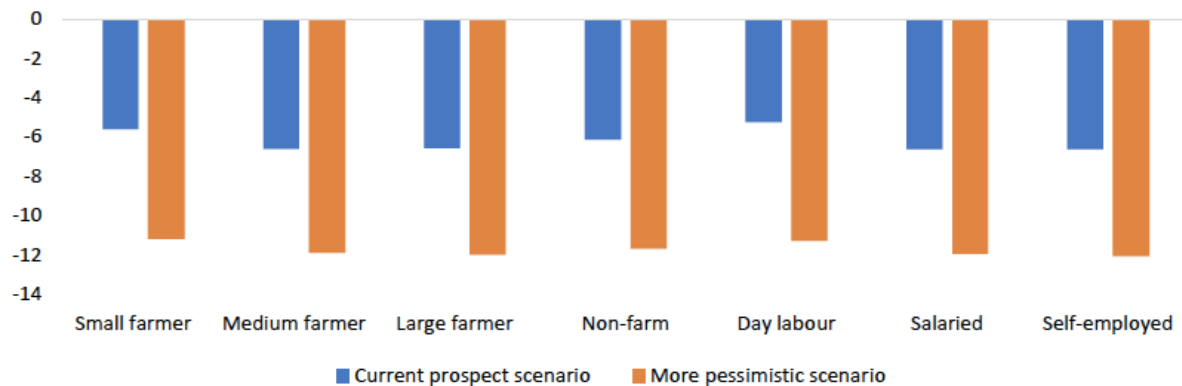
Source: PPRC-BIGD (2020)

Permanent job loss due to COVID-19 (million)



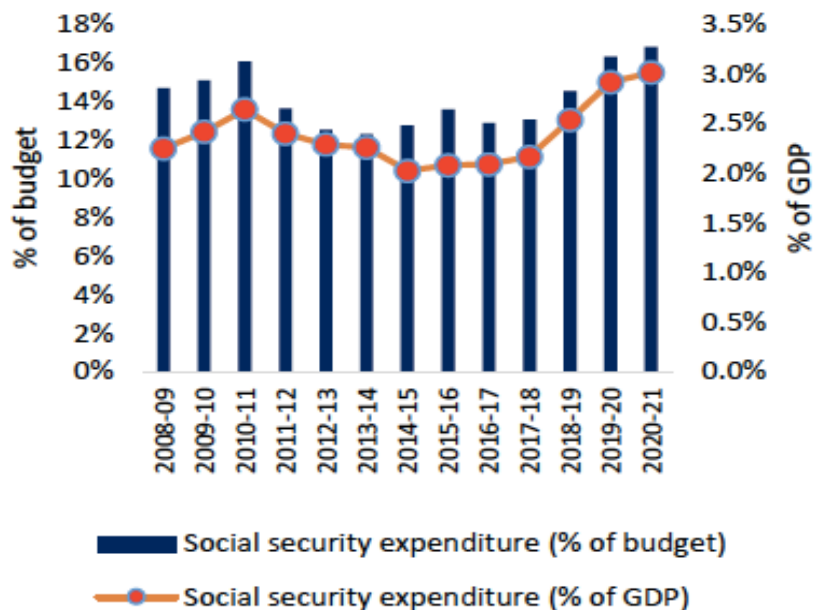
Source: CRI (2020)

Impact of decline in export and remittance on households' income (%)

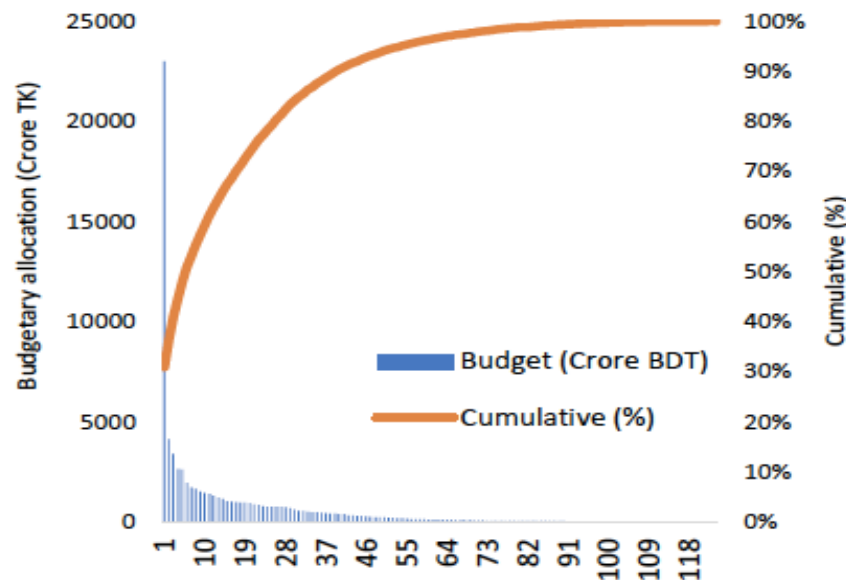


Source: Razzaque (2020)

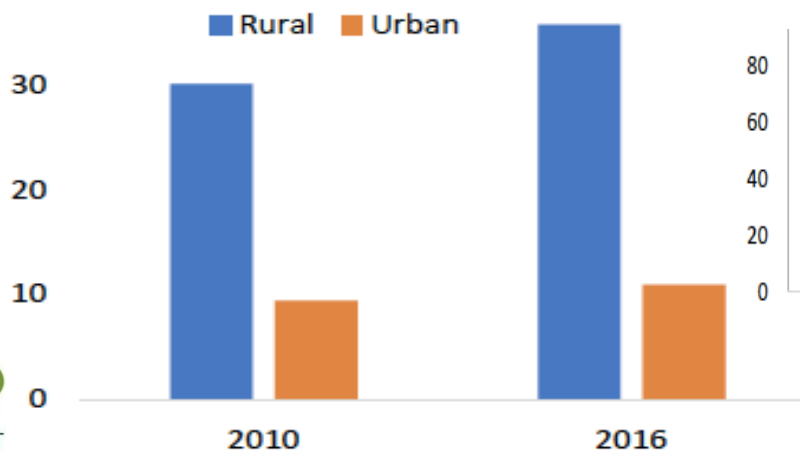
Social security expenditure



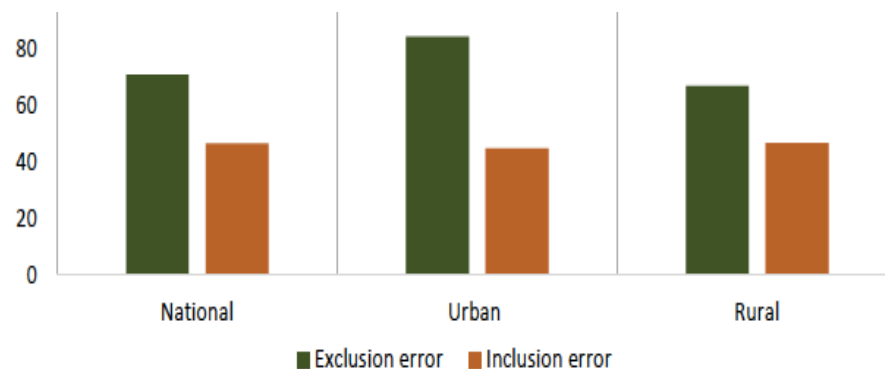
Distribution of SSPs by size



Household receiving any social protection support



Targeting errors in social security system (%)



Major SSP programmes

Programme	Programme benefit	Duration of the programme	Allowance as % of corresponding average per capita GNI
Old-age Allowance	TK 500 per month	Regular, monthly	3.74
Allowances for the Financially Insolvent Disabled	TK 700 per month	Regular, monthly	5.24
Primary School Stipend	TK 100 per student per month	Regular, monthly	0.75
Maternity Allowance Programme and Allowances for Urban Low-income Lactating Mothers	TK 800 per month	Regular, monthly	5.98
Test Relief (TR) Cash, Food for Work (FFW), Work for Money (WFM)	8 kg of rice or wheat or cash equivalent per day	Short period following a natural disaster	41.88
Employment Generation Programme for the Poor (EGPP)	TK 200 for 7 hours work per day (for 80 days in a year)	Short period (lean period)	29.92
Income Generating Vulnerable Group Development (IGVGD)	Monthly food ration of 30 kg of wheat/rice	2 years, monthly	7.85
Food Security Vulnerable Group Development (FSVGD)	Monthly Tk.100 along with 15 kg flour	2 years, monthly	5.24
National Services Programmes	TK 100 as training allowance per month (for three months), and TK 200 as service allowance at the time of employment (for next)	2 years and 3 months, monthly	14.96-29.92
Vulnerable Group Feeding (VGF)	10-30 Kg of food grain per month (for 2-3 months)	Short period	2.6-7.8

Note: 1) Test Relief (TR) Cash, Food for Work (FFW), Work for Money (WFM), Employment Generation Programme for the Poor (EGPP), Vulnerable Group Feeding (VGF) are programmes that are run for a short period of time (mostly during the lean season or after a natural disaster has taken place). 2) The price of per Kg rice/wheat is considered TK 35 and flour is TK 40. For employment related SSPs, a 20 days employment is considered per month.

Source: Razzaque (2020)

Major programmes under the stimulus package

Programme	Allocation (BDT in Crore)	Purpose	Credit/ Allowance	Charge for credit or interest payment	Project duration
Large industry and service sector firms/institutions	30,000	To provide working capital for heavy industries and service sector to run business and continue production	Credit	Borrower 4.5%+ Government 4.5% Total 9%	3 years
Cottage, medium and small medium enterprises (CMSME)	20,000	to provide working capital loan facilities to cottage, medium and small medium enterprises (CMSME)	Credit	Borrower 4% + government subsidize 5 % total 9%	3 years
Export Oriented Industries (wage and salaries)	5000	In order to pay wage and salaries to workers and employees	Credit	2% service charge	2 years
Pre-Shipment Credit Refinance Scheme	5000	To facilitate export manufacturing goods	Credit	BB will charge interest 3% from banks and banks will charge 6% from customers.	3 year
Export Development fund	12,750	to facilitate import of raw materials under back-to-back letters of credit (LC)	Credit	2% per annum	Ongoing
Agriculture refinance scheme	5000	to provide required agricultural credit to small and medium farmers, including that of poultry and dairy sector, in rural areas	Credit	BB will charge interest 1% from banks and banks will charge 4% from customers	1.5 years
Agricultural Subsidy	9,500	To provide subsidies to the agriculture sector, especially to assist the farmers in buying fertilizers at lower prices.	Subsidy	-	-
Farm mechanization in agriculture	200	To facilitate the purchase of agricultural equipment/ machinery by the farmers.	Subsidy	-	-
Low income professional, farmer, extreme-small business	3000	To support low income professional, farmer, ultra-small business	Credit	BB will charge 1% interest to banks, banks will charge 3.5% interest to Micro Credit Financing Institutions (MCFIs) and MCFIs will charge 9% interest to customer.	2 years
Vulnerable Families	1,250	To provide cash assistance of TK 2,500 to each of 50 lakh poor families impacted by the Covid-19 crisis.	Allowance	-	One-off
Expanding Old Age Allowance" and "Allowances for the Widow, Deserted and Destitute Women	815	To expand the existing Old Age Allowance and Allowances for the Widow, Deserted and Destitute Women schemes under the social safety net system in 100 poverty-prone upazilas	Allowance	-	-
Procurement and distribution of rice and wheat	2,503	To distribute 5 lakh metric tons of rice and 1 lakh metric tons of wheat free-of-cost among the low-income people	Allowance	-	-
special Open Market Sales (OMS)	251	To introduce a special Open Market Sales (OMS) in which 74 thousand metric tons of rice will be sold at BDT 10 per kg to low-income people living in urban areas	Allowance	-	-
Migrant workers, Unemployed Youth and Rural population	2,000	To provide credit facilities to poor farmers, recently repatriated overseas workers and skilled but unemployed youths in rural areas to enable them to take up self-employment venture	Credit	-	-

Strategic, Policy, Implementation and Accountability Gaps

■ Strategic

- Coordination
- Emergency Response
- Assumptions
- Planning horizon
- Inclusiveness

■ Policy

- Excessive Dependence on Monetary Policy
- Limited Fiscal Incentives

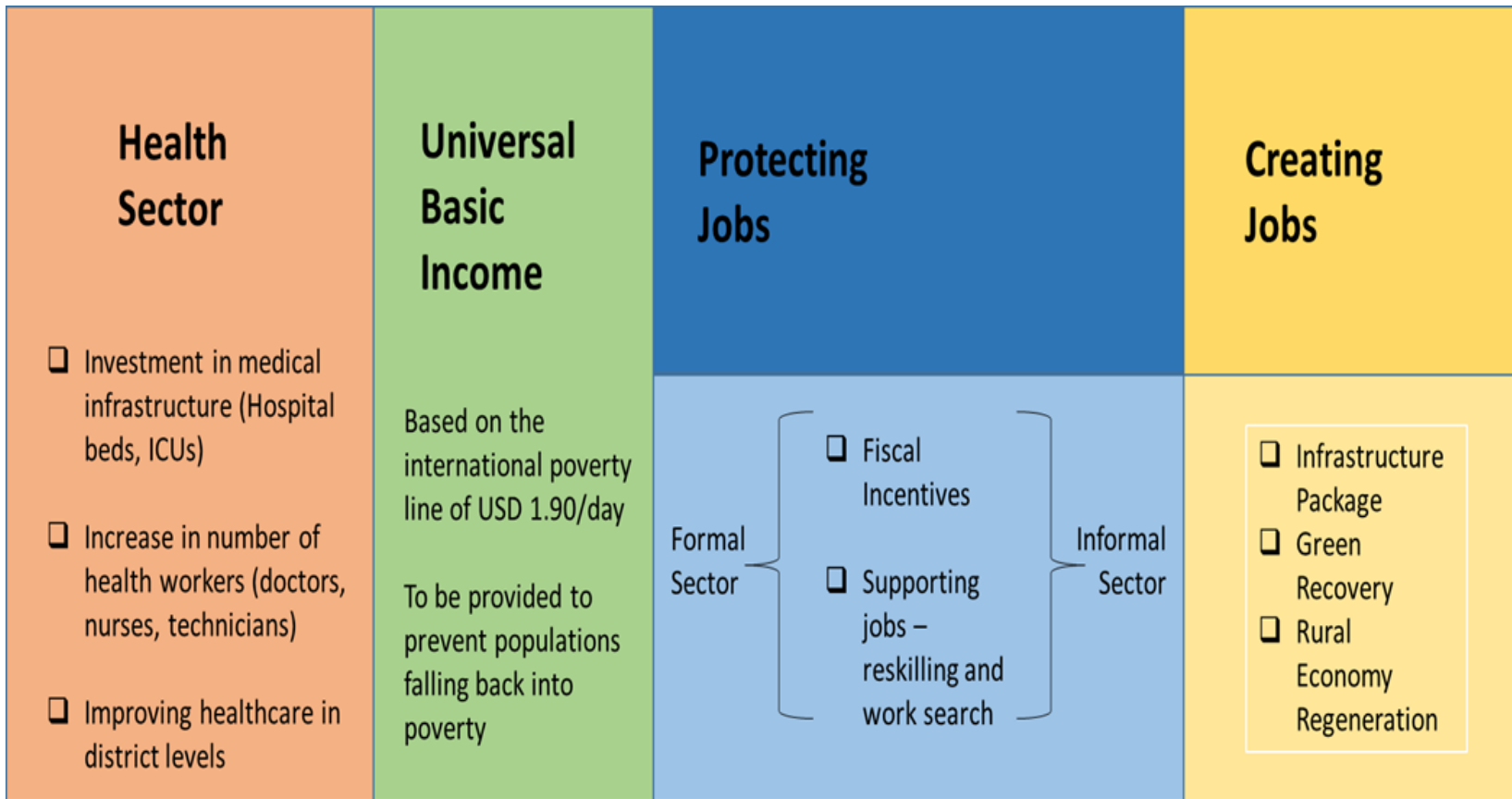
■ Implementation

- Cumbersome processes
- Distribution lapse
- Insufficient incentive

A Case Study

- 3.4 million out of 5 million family did not get any financial assistance
- 2.28 million people have inaccurate information
- .49 million name is removed from the list
- 3 thousand government employees and 7 thousand pension consumers were included in the list
- 557 people have savings scheme more than .5 million BDT
- .88 new names need to be included in the list
- .1 million are already in another social-safety net scheme
- .3 million names are included more than twice

Immediate Response: suggestions



A life-cycle based full-fledged universal national social security system

