

Poverty & Equity Brief

South Asia

Bangladesh

April 2022

The latest official poverty estimates from 2016/17 show remarkable gains in poverty reduction since 2000. Upper poverty rates have halved to 24.3 percent, while extreme poverty rates fell by two-thirds to 12.9 percent, based on strata specific upper and lower poverty lines. Measures of poverty using the international extreme poverty line of \$1.90 a day show comparable trends. Yet, recent trends between 2010 and 2016 suggest a deceleration in the rate of poverty reduction during a period of faster economic growth. As the country is rapidly urbanizing, its rural and urban areas did not experience the same level of poverty reduction. The rural areas reduced poverty impressively between 2010 and 2016, accounting for 90 percent of the poverty reduction. But, in urban areas, progress has been slower and extreme poverty has not decreased. Inequality measured by the Gini index was 32.4 in 2016, with very little change since 2000.

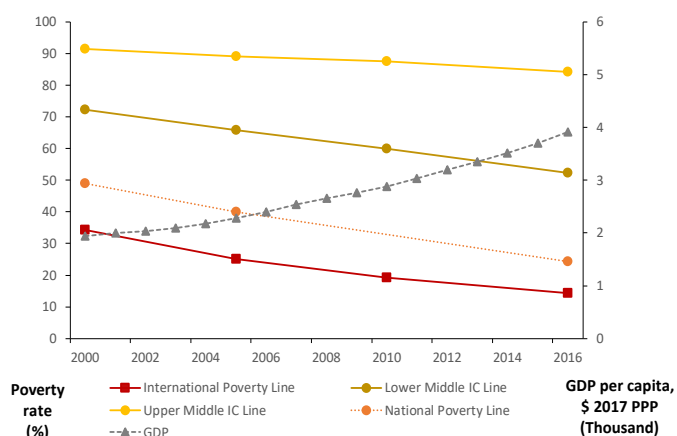
The ongoing COVID-19 pandemic has created an unprecedented crisis in Bangladesh that risks erasing the substantial progress in household incomes and poverty reduction achieved in the past. To track the impacts on labor markets and household coping strategies, the World Bank's Poverty and Equity global practice implemented a rapid nationally representative phone survey as well as representative surveys in poor areas of Dhaka, Chittagong, and a panel survey in Cox Bazar. The results for the first half of 2020 showed job losses and temporary absences were widely reported, with widespread uncertainty about employment and business prospects. The sharp decline in demand for manufactured goods, particularly from the export-oriented ready-made garments sector affected employment - an important driver of poverty reduction in the past. In addition, large labor-income losses have been observed for households engaged in informal services and labor-intensive sectors, due to slower demand and social-distancing measures.

Towards the end of 2020 and in 2021, however, marginal gains are reported, with households indicating improvement in food security and coping strategies. Based on the representative phone survey, households in poor and slum areas of Dhaka and Chittagong self-reported that their food security has improved substantially, linked to the employment gains seen between the two survey rounds. Labor market information collected between June and July 2021 indicates an improvement in employment among those who reside in poor and slum areas of Dhaka and Chattogram CCs, compared to June 2020. To sustain these gains and reduce the vulnerability of households to the impacts of the pandemic, consistent support is needed for strong mitigating measures that include a formal safety net.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	39.6	24.3	2016
International Poverty Line 61.1 in Bangladesh taka (2016) or US\$1.90 (2011 PPP) per day per capita	22.6	14.3	2016
Lower Middle Income Class Poverty Line 102.8 in Bangladesh taka (2016) or US\$3.20 (2011 PPP) per day per capita	82.6	52.3	2016
Upper Middle Income Class Poverty Line 176.8 in Bangladesh taka (2016) or US\$5.50 (2011 PPP) per day per capita	133.0	84.2	2016
Multidimensional Poverty Measure		21.2	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.35	2010-2016
INEQUALITY			
Gini Index		32.4	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.19	2010-2016
GROWTH			
Annualized GDP per capita growth		5.25	2010-2016
Annualized Consumption Growth per capita from Household Survey		1.54	2010-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.65	2010-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of April 2022, and Global Monitoring Database for the rest.

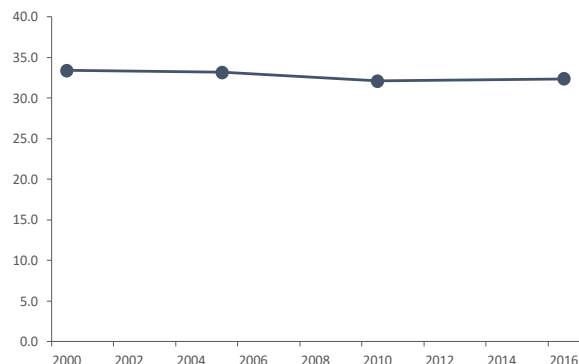
POVERTY HEADCOUNT RATE, 2000-2016



Source: World Bank using HIES/SARMD/GMD

INEQUALITY TRENDS, 2000-2016

Gini Index



Source: World Bank using HIES/SARMD/GMD

KEY INDICATORS

Distribution among groups: 2016	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: 2016 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	94	6	22	78	Monetary poverty (Consumption) Daily consumption less than US\$1.90 per person 14.3
Rural population	83	17	47	53	
Males	86	14	40	60	Education At least one school-aged child is not enrolled in school 8.4 No adult has completed primary education 22.0
Females	85	15	40	60	
0 to 14 years old	82	18	46	54	Access to basic infrastructure No access to limited-standard drinking water 2.8 No access to limited-standard sanitation 54.5 No access to electricity 23.6
15 to 64 years old	87	13	36	64	
65 and older	86	14	40	60	
Without education (16+)	81	19	48	52	
Primary education (16+)	86	14	41	59	
Secondary education (16+)	93	7	26	74	
Tertiary/post-secondary education (16+)	97	3	11	89	

Source: World Bank using HIES/SARMD/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Household expenditure data is collected in the nationally representative quinquennial Household Income Expenditure Survey (HIES). The latest round of the HIES was collected in 2016–17. A household's poverty status is assessed using per capita consumption. Total household consumption is calculated as the sum of all food and non-food expenditures (except for taxes and fees, wedding, and interest and insurance expenses), and rent. Rent is included and imputed when missing.

A household is considered poor if its per capita consumption is lower than the poverty line for the survey strata in which it lives. Poverty lines vary across strata to account for spatial differences in the cost of purchasing basic needs. The national upper and lower poverty lines are set at the cost of consuming 2,122 Cal per person per day and an allowance for non-food expenditure (this allowance is smaller for the lower poverty line and larger for the upper poverty line). Poverty lines are updated between survey rounds using a food prices index that captures food inflation in each stratum and the non-food CPI.

The international poverty line uses the same consumption aggregate to determine whether a household is poor but does not take spatial price differences into account. This line is the value of \$1.90, 2011 PPP.

The 2022 HIES implementation is currently ongoing (January – December 2022) and the poverty data will be available in 2023.

HARMONIZATION

The numbers in this report are based on SARMD. The South Asia Micro Database (SARMD) is a regional database of socio-economic indicators established in 2014 managed by SARTSD. It includes 40 surveys covering 8 countries. It follows the Global Monitoring Database (GMD) Harmonization guidelines, including the construction of the welfare aggregate which is used for the Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.