Effects of the COVID-19 Pandemic on the Lives and Livelihoods and Resilience Capacity of the Households in ENRICH and Non-ENRICH Unions of PKSF

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Executive Summary

Purpose of this research was to assess the effect of the COVID-19 pandemic on the lives and livelihoods of the households of ENRICH and Non-ENRICH unions of PKSF including their adopted coping strategies and resilience capacity. One ENRICH union was randomly selected as the study area. For comparison, another adjacent non-ENRICH union with similar socio-economic characteristics of ENRICH union was also selected as a control area. The adjacent union was selected to maintain geographical homogeneity. The selected union under ENRICH programme was Borotara of Khetlal Upazila under Joypurhat district. Amdoi union under the Sadar Upazila of Joypurhat district was selected as Non-ENRICH control union. To bring further homogeneity between the two unions, only borrower households were selected from both unions. Borrowers in ENRICH union received various types of ENRICH loan while borrowers in non-ENRICH union received loans from the mainstream programme of PKSF. Because of restrictions on movement during the COVID-19 pandemic, it was not possible to cover multiple unions to capture the geographical diversity covered by ENRICH programme of PKSF. Hence, results obtained from this research cannot be generalised for all ENRICH unions or all unions covered by mainstream credit programme of PKSF.

Using the usual statistical formula, the sample size for the ENRICH programme was determined at 384 households. The sample size was rounded up at 400 for the convenience of distributing the number of households evenly over the sample villages. Half of the sample size of the ENRICH union, 200 households, were selected from the Non-ENRICH programme union as a control group. Thus the total sample size of the study was 600 households.

A structured questionnaire was prepared based on the objectives of the study. Issues covered in this study included employment, occupation, income, poverty, food availability, livelihood problems, coping strategies, assistance demanded by the respondents and steps suggested by the respondents to recover from the losses incurred. Based on the information collected from the respondents, the resilience level of the respondents was measured using various indicators under different dimensions. Data were collected at the end of June 2020.
None of the respondents of the study was infected by the COVID-19. But in entire ENRICH union, a total of 16 individuals were infected by the COVID-19 and in Non-ENRICH union, 3 individuals were infected by the COVID-19 (as of 8 August 2020). However, none of the individuals died due to the COVID-19. Even with such a low infection rate, the local economy might be affected due to a reduction in overall economic activities of the country.

To reduce the spread of the COVID-19, the government of Bangladesh implemented a general holiday from 26 March to 30 April 2020 across the country. Besides, the lockdown was also introduced in some areas of the country. During the general holidays and lockdown, the market places were closed to maintain social distancing. Transports were closed to restrict the movements. As a result, many businesses were closed. Many people working on those business places lost their jobs or received a partial salary. People involved with transport-related occupations became unemployed. Those involved in daily wage labour could not get any work. Agricultural production may not have reduced, however, the products could not be delivered into the market places for the transportation restrictions. Moreover, there was a general fall in the demand for various agriculture and non-agriculture products. Hence, many agricultural products were damaged and the price fell. All these factors result in increased unemployment and reduced income for many occupation groups. Because of this adverse effect on livelihoods, food security was hampered.

This study examines the effect of the COVID-19 pandemic on the employment status of the households in the study area. Based on the working hour of economically active people, the unemployment rate in ENRICH union was 45 percent during the COVID-19 pandemic (June 2020) and it was 75 percent in the Non-ENRICH union, which implies that the unemployment rate in ENRICH union was 30 percentage points lower than the Non-ENRICH union. Compared to the unemployment rate in the last year (June 2019), the unemployment rate increased by 38 percentage points in ENRICH union and 60 percentage points in Non-ENRICH union. Based on the definition of Bangladesh Bureau of Statistics, the unemployment rate in ENRICH union was 1 percent and it was 8.18 percent in Non-ENRICH union. The unemployment rate increased more among the male compared to female. The main reason was that females were involved more with household-specific activities which were less affected by the pandemic situation. During the pandemic
situation, a large portion of economically active people moved from full-time employment to part-time employment which was reflected in working hour based unemployment. The unemployment rate increased less among the self-employed in agriculture compared to non-agriculture. However, unemployment increased most among the wage labourers and rickshaw/van/auto-rickshaw drivers.

Increase in unemployment rate affected the household income. About 95 percent households in ENRICH union and 100 percent households in Non-ENRICH union reported fall in income compared to last year income. Average monthly income decreased by 37 percent in ENRICH union and 60 percent in Non-ENRICH union. Effective monitoring of the use of the loan in ENRICH union might be associated with less income fall in ENRICH union. Moreover, all borrowers in the ENRICH union under this study received various income-generating training from ENRICH programme and agriculture unit of PKSF which might have contributed to less income fall during the epidemic situation.

This study estimates the poverty rate using the information of household monthly income during the COVID-19 pandemic and monthly income in the same month of the previous year. One year before, the poverty rate and extreme poverty rate in ENRICH union were 2.5 percent and 0.75 percent respectively, and in Non-ENRICH union they were 10 percent and 7 percent correspondingly. During the pandemic situation, the poverty and extreme poverty rates were 35.75 percent and 25.5 percent respectively in ENRICH union. In the same period, these rates were 69 percent and 61 percent correspondingly in Non-ENRICH union. This implies that during the COVID-19 pandemic, poverty and extreme poverty rates were 33.25 and 35.5 percentage points higher in non-ENRICH union than those of ENRICH union.

Increase in the unemployment rate and corresponding fall in income results in food insecurity among the respondents. About 83 percent of households in ENRICH union and 99 percent of households in Non-ENRICH union reported about the food crisis during the pandemic situation. The major coping strategies adopted by the households in the face of food crisis include: consuming less preferred or less expensive foods, purchasing food on credit and collecting wild food (mostly leafy vegetables collected from green field or roadside). Incidence and intensity of adopting these coping strategies were comparatively
less among the ENRICH union respondents. In this study, food security level was measured through constructing Consumption Coping Strategies Index (CSI). Based on the value of CSI, it is found that in ENRICH union 17 percent of households were food secured and 55 percent of households were slightly food insecure. In non-ENRICH Union, only 1 percent households were food secured and about 23 percent of households were slightly food insecure. Rest of the 28 percent and 76 percent households in ENRICH and Non-ENRICH unions correspondingly were moderately or severely food insecure. Disbursement of food basket as a food grant by ENRICH programme along with regular relief programme of government could be one of the major reasons for comparatively less food insecurity in ENRICH union.

The majority of the respondents reported that their livelihoods were adversely affected by the COVID-19 pandemic. In ENRICH union, 93.5 percent of households reported that they faced livelihood problems, while the same was reported by 100 percent of households in Non-ENRICH union. The major livelihood problems faced by the respondents include: not having any work or workplaces closed, transport closed, business or market places closed, faced marketing problem, and price fall of the produced goods. In the ENRICH union, 58 percent of the respondents perceived that they were able to deal with the livelihood problems while the same were perceived by 53 percent of the respondents of Non-ENRICH union. The major coping strategy adopted by the households includes borrowing from the informal source.

This study attempts to measure the resilience capacity of the households in the face of the COVID-19 pandemic. Resilience Score was measured using nine indicators under three dimensions namely employment, food security, and livelihoods. Based on the Resilience Score, it was found that in ENRICH union 16.75 percent of households were resilient, 40.75 percent of households were partially resilient, and 42.5 percent households were not resilience. Resilience capacity of Non-ENRICH union households was lower than that of ENRICH union households. In non-ENRICH union only 1.5 percent of households were resilient, 34 percent of households were partially resilient, and 64.5 percent of households were not resilient. The average Resilience Score was found 0.409 in ENRICH and 0.276 in Non-ENRICH unions. Hence, the ability to absorb the shocks due to the COVID-19 pandemic, ENRICH households were better compared to Non-ENRICH households.
Various financial and non-financial components of ENRICH such as loan, training and food grant seems to have a direct contribution in improving the resilience level of ENRICH area households. On top of that, social cohesion in the ENRICH unions played an important role in this regard. Various components of ENRICH such as youth development, uplifting lives of elderly people, ENRICH centre, health services, education programme, etc. motivate the people living in ENRICH area to stand for each other during the adverse situations which are quite important to cope with the adversity of the COVID-19 pandemic. Integration of various services is the speciality of ENRICH. In other words, everyone gets required financial and non-financial services in an integrated manner, which is absent in other general credit programmes.

Most of the recommendations made in this study are already been implemented by PKSF through its various programmes and projects. Many members of PKSF become poor due to the effect of the COVID-19 pandemic. Hence, newly poor members of PKSF need to be identified accurately and the existing activities need to be strengthened further for them. Based on the findings of the study the recommendations made are: (i) providing food or cash grant among the wage labourers so that they can restore their food security. Cash for work programme can also be undertaken for them; (ii) providing running capital for the small entrepreneurs in the form of loan or grant; (iii) providing loan and technological assistance to the people involved in agricultural activities so that they can expand their scale of production, which will help in increasing employment opportunities of the wage labourers; (iv) establishing a modern warehouse to preserve agricultural raw products; (v) taking more initiative to engage the affected people in a job or enterprise through improving their appropriate skill; (vi) including new unions under the ENRICH programme of PKSF, etc.