Chapter 9
Unexpected Challenges: Covid-19 and Cyclone Amphan

Abstract Several unexpected impediments have affected the growth and ST momentum of the Bangladesh economy in 2020. The cyclone Amphan struck Bangladesh’s coastal areas in May 2020 and the country is under the Covid-19 pandemic since March 2020. For Covid-19, the challenge is to develop programmes that can work as automatic stabilisers and can be expanded to provide income support to the worst affected households. Many of the workers in the informal sector and self-employed (including those in the gig economy) find their sources of livelihoods destroyed by the crisis. Some innovations are required to expand the gig economy to provide income support to these workers. What is important is to work out a comprehensive package that can simultaneously provide stimulus to economic activities and protect the labour force in need of jobs. The self-employed workers and most informal labour do not have the benefits of traditional work arrangements; and hence, universal social protection is needed to sustain their livelihoods.

9.1 Introduction

Unexpected challenges to ST and development are common in Bangladesh. The country is widely known as a land of natural and other disasters with high vulnerability to floods, cyclones, river erosion and other calamities. These disasters, especially the natural calamities are relatively regular which, along with global economic shocks and financial crisis, lead to temporary interruptions in the ST process in addition to substantial material losses and human sufferings. Between 1980 and 2008, Bangladesh experienced 219 major natural disasters.

In recent years, cyclone Aila hit Bangladesh in May 2009 and caused substantial damage (estimated at USD 270 million) across the areas of southern Bangladesh; while cyclone Sidr hit the coastal areas in November 2007 and caused economic damage to the tune of USD 2.3 billion. Subsequently, cyclone Mora hit the southeastern coast of Bangladesh in May 2017, the tropical cyclone Fani reached western Bangladesh in May 2019 and another severe cyclonic storm Bulbul hit the coast.
close to the Sundarbans in November 2019. Bangladesh no doubt is one of the most disaster-prone countries in the world (DMB 2010).

Since the beginning of 2020, two major disasters have struck Bangladesh causing severe damages and threatening the progress in both ST and economic growth. The cyclone Amphan formed over the Indian Ocean moved over the Bay of Bengal to hit Bangladesh’s coastal areas in May 2020 and resulted in destruction in 26 districts (out of a total 64 districts) of the country.

While the destruction of the cyclone was somewhat localised, the coronavirus disease (Covid-19)—declared as a global pandemic in January 2020 by the WHO—has strained the humanitarian and socioeconomic system of the entire country. Furthermore, the havoc of the pandemic is still ongoing with higher intensity which has severely affected all aspects of life and the economy across the entire country. The damages are unprecedented in the country’s history threatening all dimensions of development. Since the virus is growing exponentially, the deadly and highly contagious disease has turned from a moderate to a strong category in Bangladesh within a period of three months of its outbreak in March 2020. Further, as one of the most densely populated countries in the world, Bangladesh’s healthcare facilities are too limited to serve more than 165 million people of the country. The unprecedented Covid-19 pandemic has caused disruptions to trade, business, and other sectors across all countries of the world. Bangladesh has equally been affected by the contagion. It is currently facing a short-term economic slowdown; but there might be a deep recession in the long term depending upon how fast the country can address the challenges of Covid-19.

This chapter examines the emerging challenges of the two disasters (Covid-19 pandemic and the cyclone Amphan) that have hit Bangladesh in 2020 and are poised to seriously threaten the past achievements discussed in the previous chapters. The focus, however, is on Covid-19 due to its all-pervasive devastations and serious implications on the unfolding of inclusive ST in Bangladesh.

9.2 Cyclone Amphan in May 2020

The cyclone Amphan, which hit Bangladesh in May 2020, affected millions of people and, besides human deaths, damaged 0.2 million hectares of agricultural land and fish (including shrimp) farms and uprooted millions of trees. Further, hundreds of kilometres of protection embankments in the coastal region were washed away; bridges, culverts, and roads were damaged; and freshwater ponds were flooded with saline seawater along with the destruction of houses and property and other physical losses. The total cost of damages caused by the cyclone is estimated at BDT 11 billion (USD 131 million) but the longer-term impact on growth and transformation would be substantial.

Although the government provided shelter and short-term relief to the affected population, the key challenge is to ensure their long-term rehabilitation such that they regain the abilities to resume their normal livelihood activities. It may be mentioned
here that many of these affected people are yet to recover from the devastations of
the cyclone Sidr that had affected them in November 2007 and the cyclone Aila of
May 2009. Many of these populations are still suffering from the damages caused
by the above mentioned and other past natural disasters.

9.3 Global Covid-19 Pandemic

The Covid-19 pandemic has emerged as the greatest health crisis and challenge to
humanity of the present day world. Since its emergence in China in late-2019, the
virus has spread to all parts of the world. The countries are fighting to contain the
virus by testing and treating patients, carrying out contact tracing, limiting travel,
quarantining citizens, imposing lockdowns and physical distancing, and cancelling
large gatherings. By December 2020, the number of Covid-19 infections has reached
nearly 70 million cases worldwide, with the death toll nearing 2 million.¹

In addition, Covid-19 has also created devastating socioeconomic and other crises
in society and the economy of all countries. Every day, jobs and incomes are being
lost, along with grave uncertainties regarding the time when normality would return.
The ILO estimates that 195 million jobs could be lost across the world. The develop-
ing countries, in particular, could lose at least USD 220 billion in income. The
Covid-19 pandemic is affecting the countries in multiple ways through changes
in income, education, employment, domestic violence, and other areas. One study
suggests that the global economy could suffer between USD 5.8 trillion and USD
8.8 trillion in losses—equivalent to 6.4–9.7% of global GDP—as a result of Covid-
19 (ADB 2020b). For South Asia, the economic losses are estimated between USD
141.9 billion and USD 217.6 billion (between 3.9 and 6.0% of the South Asian GDP).

Whatever may be the magnitude, the message is clear: Covid-19 is an unprece-
dented crisis, which affects all aspects of human lives (see CCSA 2020). Although
all countries are vulnerable to shocks and adversities, the structurally weak countries
with low social and human development usually suffer more. Many individuals are
using ICT to minimise the disruption in their daily lives through working from home,
shopping online, and undertaking other activities. But there exist vast inequalities in
access to ICT within and across countries. The governments around the world have
responded quickly to the impacts of the pandemic through implementing measures,
such as fiscal and monetary easing, increased health spending, and direct support
to households and enterprises. The governments are also designing more compre-
hensive and sustained efforts to soften the economic impact by ensuring that the
measures are better-targeted and effectively implemented.

As a region, South Asia is likely to experience its worst economic performance
in 40 years and half of the region could experience a serious recession (World Bank
2020b). The South Asian regional growth may fall to a range between 1.8 and 2.8%

¹Johns Hopkins University Center for Systems Science Engineering, https://gisanddata.maps.arc
gis.com/apps/opsdashboard/index.html#/bda7594740fd-40299423467b48e9ecf6.
in 2020, down from earlier projected value of 6.3%. Further, the deterioration may continue in 2021 (World Bank 2020a, b). The impact of the pandemic will hit hard the low-income people, especially informal workers who have limited or no access to healthcare or social protection measures. The Covid-19 shock would also reinforce inequality in South Asia. The priority for South Asia is to assist the poorest who face considerably worse health and economic outcomes. Innovative policies and urgent actions are needed to restore normalcy and avoid any long-term growth disruptions that can reverse the hard-won progress in reducing poverty and achieving social transformation in South Asia.

In the short term, the weak healthcare system needs to be revamped, safety nets need to be expanded, and access to food, medical supplies, and necessities for the most vulnerable needs to be ensured. Since most South Asian countries have limited fiscal space, the governments need to adopt temporary spending measures and seek assistance from the development partners to avoid unsustainable long-term debt levels.

9.4 Covid-19 and Bangladesh

While WHO confirmed the Covid-19 pandemic in Wuhan City in China in January 2020, the first coronavirus cases were confirmed in Bangladesh in March 2020. Since then, Covid-19 infections are rising in Bangladesh; and have reached nearly 0.5 million with a total number of deaths exceeding 7,000 people.

Bangladesh faces significant challenges in combating Covid-19 as the country is densely populated, and houses more than a million Rohingya refugees from Myanmar in temporary shelter camps. A significant number of people have also returned from Covid-19 affected countries where they used to work as migrant workers. For limiting the spread of Covid-19 and the number of deaths in the coming months, the priorities for Bangladesh are to (i) address the key public health infrastructure inadequacies and limited administrative capability to deal with the pandemic; (ii) reduce the pace of infection by applying the known methods more effectively and systematically such as wider use of masks, enforcement of more meaningful social distancing and, as a more drastic measure, well-conceived lockdowns; (iii) reduce the case-mortality rate by improving therapeutic treatment of the infected and hospitalisation capacity; and (iv) avail the earliest opportunity to cover the vulnerable population with vaccination when it arrives and move towards attaining herd immunity.

In Bangladesh, the experience of Covid-19 since March 2020 shows that the coronavirus has created an unprecedented humanitarian crisis with a strong public health dimension. The reality is that only about 15% of Bangladesh’s population earns more than BDT 500 (USD 5.90) per person a day. These are the population groups who can meet their daily expenses, send their children to schools, and probably can keep some money for an emergency health or other crisis. A large segment of the rural population depends on remittances from the cities or abroad. But since Covid-19 is a global crisis, people everywhere are out of work. And income flows have
either been interrupted or stopped. Therefore, ways have to be worked out to keep the people safe while, at the same time, protect their livelihoods. If they must stay home, they need to be given food and/or emergency cash transfers.

At the same time, one should look at the challenges of Covid-19 in the background of Bangladesh’s past achievements. In sharp contrast to the initial pessimism after independence when the country was termed a ‘basket case’, Bangladesh has achieved much in development over the last fifty years. Bangladesh is considered as one of the most striking examples of present-day development along with rapid growth and catching up (see Mujeri and Mujeri 2020). In contrast with most large-scale historical economic transformation, Bangladesh’s ST has been more comprehensive and largely driven by social changes, initiated by women empowerment. An important aspect of microfinance has been its role in increasing the status of women and their bargaining power in the family as most micro-loans are given to women (more than 90%). Although there exists counter-evidence that increased access to microfinance does not necessarily improve the health and educational status of women, nor increase the availability of consumer goods to them (e.g. Banerjee et al. 2015), these results may be context-specific, situational, and dependent on the nature of the patriarchy in society. The overall picture in Bangladesh society, however, is more positive, where many women have been empowered and have become successful microentrepreneurs through using microcredit as their stepping stone.

The above distinguishing features of Bangladesh’s development model also reflect the country’s extraordinary ability to rise during periods of crisis through adopting innovative paths, as seen during repeated natural disasters that routinely affected and still affect the country. Although Covid-19 is a new and different type of disaster in many important ways, Bangladesh can draw upon its rich experience in dealing with the crisis and disaster, its wide network of public health institutions and community health workers, rich history of public-private (including NGO-MFIs) partnership in times of emergency, and the incredible levels of resilience of the people and the communities while dealing with the Covid-19 crisis.

9.5 Socioeconomic Ramifications of Covid-19

In Bangladesh, the impact of Covid-19 has been all-encompassing and unprecedented, but its degree is uncertain since the intensity of the pandemic is yet to be fully felt in the country. The expected GDP growth will be lower than the projected growth for the fiscal year (FY) 2019–20, at 5.24% (from its original target of 8.2%)
for FY 2019–20; and projected 8.2% growth for FY 2020–21, assuming a very rapid post-Covid-19 recovery (GoB 2020). It may be noted that the World Bank has projected a GDP growth rate between 2 and 3% in FY 2019–20 and between 1.2 and 2.9% in FY 2020–21 (World Bank 2020a). While these projections differ widely presumably due to their widely differing assumptions, the possibility of a deep recession looms large, especially if the current situation is not resolved within months.

Most global uncertainties were transmitted through both production and trade channels to the domestic economy of Bangladesh. Export demands declined for RMGs and other exports, inward FDI and portfolio investments shrank, and remittances were also affected. But most of these effects were short-lived and these have bounced back within a few months. Domestic uncertainties and sharp decline in economic activities also forced the entrepreneurs to postpone private investments that impacted labour earnings in both formal and informal sector activities. More importantly, workers in several industries (e.g. travel and tourism, transport, retail sales, etc.) suffered extensive job losses.

In the public sector, the pressure on public expenditure increased persistently for meeting the Covid-19 related expenses. In particular, health-related expenditures rose quite fast. Equally, income support measures were funded for the low-income households and the poor. Simultaneously, public revenue collections from imports, value-added taxes and advance income taxes declined. The government’s estimates show that the total revenue income of the government for FY 2019–20 declined to BDT 34,806 billion from the original estimate of BDT 37,781 billion; while total government expenditure declined to BDT 50,158 billion from BDT 52,319 billion mostly through a reduction of the development expenditure of the government (GoB 2020).

Following the sectoral approach, ADB’s assessment of the impact of Covid-19 on Bangladesh economy in the worst case scenario (depending on the duration that the virus would thwart economic activity and the resulting output losses) is a 1.1% reduction of GDP or USD 3 billion using 2018 prices (ADB 2020a). Since the impact of Covid-19 is yet to fully unfold, the danger is that the above estimates may turn out to be a best case scenario.

Overall, Covid-19 has already overburdened the healthcare system and paralysed, at least partially, the economy of Bangladesh. Further, Bangladesh is especially vulnerable because of its high population density and inadequate government resources. The impact of the Covid-19 pandemic is felt not just by the national economy, but also by the household economy of millions of low-income people of Bangladesh. Many migrant workers have been forced out of their jobs and have started to return home to face unemployment. In Bangladesh, most migrants belong to poor rural households. Their remittances provided significant support to the labour-sending households and played a major role in poverty reduction in the country. This is now facing serious challenges.

The economic impact no doubt depends critically on the timing, duration as well as the intensity of the Covid-19 crisis. Any credible assessment of the economic impact of Covid-19 in Bangladesh would depend on the varying losses in different
sectors which depend on many dimensions of their production, marketing, and other characteristics. For example, the impacts on the business and trade sector are different from those in light/heavy manufacturing and utilities sectors or from hotels, restaurants and transport services sectors. Some sectors may take more time to recover (e.g. hotels, restaurants, transport, and tourism) and may suffer from a long duration impact.

9.5.1 Impact on Employment and Labour Market

As the Covid-19 crisis has unfolded in Bangladesh, it has become apparent that the labourers are exceptionally vulnerable to the economic and labour market shocks of the pandemic. In particular, the informal sector workers face the worst burden in the absence of regulatory, policy, and legislative structure to reach the informal workers to support their basic livelihoods. More than 85% of the total labour work in the informal economy and most workers, including salaried MSME workers, small/daily wage earners, home-based (including gig) workers and migrant labourers have been undergoing serious hardships due to the coronavirus crisis.

Stimulus packages were adopted by the government to provide support to the most economically vulnerable, including emergency funding/relief for businesses and individuals. These packages are relatively modest and reflect the country’s limited availability of financial resources. These are not large enough to address the urgent challenges of the informal workers. Efforts are needed to create additional fiscal space covering multiple areas, such as debt restructuring, ODA, and redirecting fiscal policies. The key will be to devise mechanisms to include informal workers in the existing social protection programmes. Possibilities may also be explored for designing social protection interventions based on self-targeting.3 Similarly, support is needed for the activities which rely extensively on informal workers and strengthen the market linkages for local producers, e.g. vans delivering vegetables to the households and similar activities.

9.5.2 Healthcare System and COVID-19 Response

In the context of health sector and other realities in Bangladesh, policy responses distinguished between two phases of the Covid-19 pandemic could be highlighted (see Osmani 2020). The first phase, characterised by strict physical distancing and little functioning of the economy, continued in Bangladesh until the end of May 2020; while the second phase started afterwards when distancing is being gradually

---

3For example, machine learning algorithms equipped to differentiate a poor locality from a rich one may be adopted to identify the beneficiaries.
relaxed leading to phased reopening of economic activities. Apparently, Bangladesh is passing through the second phase.

Obviously, the priority is to ensure adequate supply of essential personal protective equipment (PPE) to the healthcare workers. The creation of isolation wards in medical facilities and dedicated treatment centres is important in the fight against Covid-19. At present, the number of isolation beds is a small fraction of the number needed if there is a widespread outbreak of the disease. Moreover, adequate number of ventilators and required quantity of concentrated oxygen should be made available to treat severe cases. To increase the healthcare system’s response to the pandemic, it will be important to ensure adequate availability of healthcare staff, expertise, efficient managers to run medical facilities, logisticians to ensure quality medical supplies when needed, and other facilities to provide required services without any delay.

During the crisis, increased public expenditure to scale up health facilities, large-scale testing, and train adequate personnel for the treatment of the infected is the priority. Similarly, ensuring food availability in the markets at affordable prices is important. But probably the most important aspect of the policy is to ensure the sustenance of the livelihoods especially of the low-income households, vulnerable groups and others in poverty through, if needed, giving income support and food rations. These measures may not significantly reverse the current economic slowdown and stop the potential recession that might hit the Bangladesh economy in future due to the pandemic, but these are necessary to prevent the turning of the present coronavirus-induced economic crisis into a socioeconomic crisis, wiping out the gains of ST and rapid progress achieved over the last decades in Bangladesh.

9.5.3 Gender Dimension of Response

The Covid-19 crisis also has a strong gender dimension in Bangladesh as existing gender inequalities expand gender-based disparities further between women and men in terms of access to information, resources to cope with the pandemic, and its socioeconomic impact. The short-term impact of the Covid-19 pandemic on existing gender-based structural and socioeconomic vulnerabilities of women and the challenges that the diverse women groups face in accessing information and health, education, WASH, and social protection and support for livelihoods vary in specific contexts.

No doubt Covid-19 has a significant implication on livelihoods of women since nearly 92% of women work in the informal sector. Many women workers have lost their jobs with no hope for reinstatement in the near future. Even in the formal sector, there are job losses of female workers in the RMGs industry. In such cases, safety measures for the female workers remain a major concern.

The health system is dominated by women, where more than 94% of the nurses and 90% of community health workers are females. They are most vulnerable to Covid-19 infections. As the crisis and its ripple effect in society and communities continues,
these workers will need support to balance their rising workload and household obligations. In Bangladesh, women perform nearly three-and-a-half times more unpaid domestic care work than men (BBS 2019). In addition, the closure of educational institutions has further increased the burden. Since the country’s healthcare system is overstretched due to efforts to contain the pandemic, women are also spending more time on home-based unpaid adult care activities since the spread of Covid-19.

Violence against women and children is also rising due to a lack of social activities and financial pressures which increase tensions within families. The vulnerability of women and children to domestic violence and abuse has increased as they have to remain mostly confined within homes. The incidence of underage marriage of girls has also risen to reduce the financial burden and overcome the safety and security threats to young girls. The need is to reinforce and expand efforts to meet the gender-based violence and discrimination against women and children sparked by Covid-19. The Covid-19 pandemic response framework should not replicate the existing gaps and deep-rooted gender-based discrimination that persists in Bangladesh. The disruptions in legal and essential services also aggravate the risks faced by women and girls. To be more effective, an inclusive and gender-responsive Covid-19 response framework is necessary covering both targeted needs-based interventions for women and girls especially from the marginalised groups and protection of the female workers in the health and other essential services.

9.6 Dimensions of Human Vulnerability

The Covid-19 related risks in Bangladesh are high in view of the country’s large population, extensive coverage of the informal sector, high inequality, and an inadequate health system. A major risk is that the pandemic will trigger a sharp rise in poverty. Inadequate infrastructure, poor service delivery, and vulnerable health of the financial institutions may further add to the heightened vulnerabilities of the economy.

Exposure, risks, and unsustainable livelihoods

The risks of Covid-19 are related to human social behaviour; and high impacts are likely to affect more the vulnerable populations and locations, such as congested areas with high population density; people with low immunity (e.g. elderly); and people who are highly exposed to the pandemic. In the urban areas, the high-risk population may cover a number of categories, e.g. floating population, people living in slums, and people with unsustainable livelihoods having fluctuating earnings and requiring constant exposures (e.g. street vendors). Many informal workers dependent on unsustainable occupations such as rickshaw pullers, street-side tea stall workers, street fruit/vegetable vendors, and those engaged in similar activities are the most vulnerable. In the rural areas, the extreme poor and disadvantaged population groups including poor female-headed households and households with no earning members,
poor elderly women and men, populations belonging to indigenous communities, and other vulnerable groups have both high exposure to and risks of Covid-19.

**Demographic and social vulnerability**

Demographic and social vulnerability to the pandemic is related to a complex set of characteristics of different demographic and social groups in the country. For example, there are various groups in both urban and rural areas who have either low or no productive skills to earn decent livelihoods and have highly vulnerable social status due to differences in gender, race and physical abilities. Gender-related vulnerabilities are reflected in several dimensions, such as high exposure of women to various socioeconomic risks and vulnerabilities than men; greater constraints faced by women and women-headed households in accessing basic services; rising levels of gender inequalities and gender-based violence; and rising level of women’s mental health issues while dealing with increased burden of unpaid household and care work and pressures of uncertainties of household income, food insecurity and limited access to hygiene and healthcare facilities.

On the other hand, low or no education-related vulnerabilities force the individuals to subsist on unsustainable livelihoods and low-income earning opportunities with a minimum access to basic services. In the context of Covid-19, these people also suffer from little or no access to information services creating vulnerabilities through adopting unsafe hygienic practices. Due to temporary closure of educational institutions, children from these households remain at home with no access to television/online-based learning. There could also be high dropout rates among children especially girls from these households in future. Even in normal circumstances, individuals with disabilities have very limited access to basic services and essential assistance, experience social exclusion and stigma, and suffer from social practices that ignore them in society. Moreover, poor households usually have higher incidence of people with disabilities that limit the availability of special care to these persons. These disadvantages are further intensified by the pandemic. The vulnerability of the sex workers is also multiplied with drying up of income sources resulting in food crisis and limited or no access to health services.

The country’s ethnic population as a group is generally more deprived; they mostly live in poverty and are highly vulnerable due to inadequate access to physical, social, human, and other forms of capital; and they live in less accessible to basic services and hard-to-reach locations. These groups are less educated, depend on unsustainable income sources, and have very high vulnerability to all types of shocks. It is therefore more likely that the impact of Covid-19 will fall disproportionately on these groups.

**Economic and physical vulnerability**

The economic status, covering income level and ownership of physical capital and financial assets, is an important indicator of the resilience capacity of a household. Hence, the economic and physical vulnerability of the households depends on the household’s well-being status and related indicators. In Bangladesh, nearly 35 million people live below the income poverty line while almost half of them live in extreme poverty. As expected, these households have limited access to basic services and
they are more prone to any kind of shocks. Covid-19 has created a severe impact on their incomes and ability to pursue the livelihood options. People who work as daily labourers are forced to stay at home due to lack of work opportunities. Many of these workers temporarily move to different regions (e.g. from the northern to eastern and southern parts) of the country to undertake seasonal works. The Covid-19 outbreak has disrupted this temporary domestic migration process adversely affecting production and income earnings of these poor labourers.

Moreover, there has emerged instability in the market for staple food and essential commodities as supply chains are disrupted and markets are not fully functional. There are spikes in market prices of food and essential commodities which hurt the poor most (Mujeri 2008). The vulnerabilities are further compounded by a large number of the poor living in *kutcha* and *jhupri* (shanty) houses and practicing unsafe hygienic practices with inadequate access to safe drinking water and hygienic sanitation. These people are also more susceptible to the Covid-19 pandemic.

**Recurrent disaster vulnerability**

As a land of frequent natural disasters, Bangladesh faces different types of natural calamities including cyclone and landslide, monsoon flood and riverbank erosion, nor’wester and heatwave, vector-borne diseases, and many others. However, Covid-19 pandemic is a new type of disaster with far-reaching repercussions. Over the last five years until 2019, Bangladesh experienced 14 major disasters: eight floods and flash floods, five cyclones, and one landslide. These disasters resulted in medium to very severe impact in 37 out of the 64 districts of the country while the rest 27 suffered low or no impact. In terms of severity and exposure, there are about 18 million people, who live in the cyclone/landslide-prone 19 districts mostly in the coastal region and around 19 million people live in seven flash flood-prone districts in the north and northwestern regions.

There also occur several nor’wester and heatwaves in the north, northwest, and middle of the country every year and vector-borne diseases (e.g. dengue) especially in the urban and big cities. In 2020, these districts have also experienced disasters (the incidence of which mostly occur between the months of May and October). In the mid-2020, extreme weather events, severe annual monsoon floods and the health and economic impacts of the Covid-19 have hit the people hard in Bangladesh. The impact of the monsoon hazards has compounded the effects and risks of Covid-19 and significantly complicated the disaster scenario in 2020. The need is to strengthen the capacity of the local government institutions (LGIs) and NGO-MFIs through necessary support and guidance on how to cover Covid-19 in disaster management planning and provide support to the most vulnerable populations through livelihood programmes that integrate disaster and climate resilience to strengthen the abilities of the vulnerable communities to withstand additional shocks and stresses.
9.7 Need for Multi-sectoral Responses

Obviously, the Covid-19-related challenges are formidable and require rapid and effective responses. Orthodox economic policies suggest a number of fiscal and monetary policy measures to stimulate the macroeconomy. For example, lowering interest rates helps to sustain the banking sector, but may not address the challenges of sustaining household incomes and livelihoods. The government’s response strategy with regard to Covid-19 should therefore be comprehensive covering three major objectives: (i) minimise loss of human casualties; (ii) reduce the loss of livelihoods especially of the low-income populations; and (iii) contain adverse growth and employment impact due to Covid-19 related measures. However, since there are complex trade-offs between these objectives, the key for the government is to ensure a proper balancing among them to minimise the adverse impact of the pandemic.

For operational convenience, the policy responses could be divided into two phases. In the first phase, the policies would primarily focus on households to restore, at least partially, the loss of livelihoods caused by the crisis especially of the extreme poor/food vulnerable households; and those enterprises that provide essential goods and services needed for continuation of basic livelihood activities of the people. In the second phase, the focus should gradually extend to all households and enterprises, beginning with the more vulnerable ones (e.g. poor/disadvantaged households and CMSMEs). This requires that the policy response through support packages should have two distinct components, e.g. ‘entitlement’ support for the poor households and production support for the enterprises (especially the highly affected enterprises) to resume their normal activities.

9.7.1 Rapid Responses

Within a few weeks of the outbreak of Covid-19, Bangladesh adopted stringent measures to limit its spread and launched the largest social welfare programmes in its history. The government allocated emergency funds to the Ministry of Health and Family Welfare to undertake the Covid-19 preparedness and response plan. The government also announced a total of 19 stimulus packages amounting to BDT 103,11.7 billion (3.7% of GDP) to support the country’s economic recovery. The monetary, financial, and fiscal measures (until July 2020) adopted by the government are summarised in Table 9.1.

In the health sector, rapid responses were directed to address the urgent needs of capacity building related to Covid-19 pandemic, including evidence-based surveillance; biosafety, biosecurity and laboratory biosafety protocols; specimen collection

---

4Among some major Asian countries, Bangladesh lags behind only Indonesia (more than 4% of its GDP) in terms of the volume of stimulus packages relative to their respective GDP. For example, Vietnam’s stimulus packages amount to 3.4% of GDP, Pakistan’s 3.1%, Malaysia’s 2.8%, Maldives’s 2.8%, China’s 2.5%, Afghanistan’s 2%, India’s 1.1% and Sri Lanka’s 0.2%.
Table 9.1  Bangladesh’s monetary, financial, and fiscal responses for Covid-19

| Monetary and financial sector responses | Fiscal responses |
|----------------------------------------|------------------|
| Bangladesh Bank (BB) has been working to ensure adequate liquidity in the financial system to support the operations of financial institutions. The measures are (i) buying treasury bonds and bills from the banks; (ii) issuing circulars to delay non-performing loan classification, extend tenures of trade instruments, and ensure access to financial services; (iii) lowering the repo rate from 6 to 5.75% and the CRR to 4.5% from 5% on a daily-basis requirement and from 5.5 to 5% for the bi-weekly requirement effective from 24 March 2020; (iv) increasing the size of the Export Development Fund (EDF) and reducing the interest rate on EDF borrowing, in line with the announced stimulus measures | A comprehensive plan has been adopted to overcome the possible negative impacts of the Covid-19 pandemic on the economy and the people covering four major strategies: (i) discourage luxury expenditures and prioritise government spending that creates jobs; (ii) create loan facilities through commercial banks at subsidised interest rate for affected industries and businesses to revive economic activities and maintain competitiveness; (iii) expand coverage of the government’s social safety net programmes to protect the extreme poor and low paid workers of informal sector from the sudden loss of their source of earning due to the pandemic; and (iv) increase money supply keeping balance between increased money supply and possible inflationary pressure |

(continued)
Table 9.1 (continued)

| Monetary and financial sector responses | Fiscal responses |
|-----------------------------------------|-----------------|
| As a part of expansionary monetary policy stance and meet additional demand for funds, the Monetary Policy Statement (MPS) of FY 2020–21 announced in July 2020 implemented a further cut in the overnight repo rate from 5.25 to 4.75% and a reduction of reverse repo rate from 4.75 to 4.00%, ensuring the availability of less costly funds for banks and rationalising the policy rates’ corridor (gap between the repo and reverse repo rates). The Bank rate which was unchanged since 2003 has also been reduced from 5.00 to 4.00% to rationalise it with the current interest rate regime | The economic recovery packages declared so far has totaled BDT 10,311.7 billion: (i) BDT 500 billion for the export oriented industries to pay salaries and allowances to their workers and employees; (ii) a working capital loan facility of BDT 3,000 billion at a subsidised interest rate for large industries and another working capital loan facility of BDT 2,000 billion for the cottage, micro, small and medium enterprises (CMSMEs); (iii) increasing the size of the Export Development Fund (EDF) from USD 3.5 billion to USD 5 billion, at a reduced interest rate; (iv) creating new pre-shipment credit refinance scheme of BDT 500 billion through Bangladesh Bank; (v) special honourarium (equal to the basic pay of two months) for the doctors, nurses and other healthcare workers providing critical healthcare services to Covid-19 patients; (vi) special arrangements to compensate the family members of frontline public servants who might get infected or face death; (vii) distribution of 0.4 million metric tonnes of rice and 0.1 metric tonne of wheat among the poor free of cost and sale of rice at a subsidised price of BDT 10 per kilogramme to the low-income people; (viii) widen the social safety net programmes to protect the extreme poor, provide direct cash transfers of BDT 2,500 each to 5 million deserving families, widen the coverage of the old age allowances and the allowances for destitute women to include all qualified persons in the poorest 100 upazilas, allocation of BDT 213 billion to construct houses for the homeless population; (ix) raising the subsidy in the agriculture sector to BDT 950 billion and BDT 20 billion as incentives for farm mechanisation, raising the target for government procurement and distribution of rice and paddy by 0.2 million metric tonnes in FY 2020–21, creating an agriculture refinance scheme of BDT 500 billion to provide required agricultural credit to the farmers and another of BDT 300 billion for small farmers and traders in the agriculture sector; (x) a programme to distribute BDT 200 billion for expanding low-interest credit facilities to poor farmers, repatriated overseas workers and skilled but unemployed youths in rural areas to take up self-employment ventures in sectors like agricultural production, agro-based services, small businesses, cottage industries and SMEs; (xi) suspension of payment of interests for the months of April and May against loans distributed by all commercial banks, and of the total BDT 1,654.9 billion interest amount, the government will pay BDT 200 billion as interest subsidy |

Source: GoB (2020), BB (2020)
and transport; RT-PCR; case management; IPC including on donning and doffing of PPE for health and lab professionals. The supply and availability of equipment and reagent such as ventilators, N95 mask, PPE, biohazard bags, medical oxygen cylinders, RNA extractors, and reagents and laboratory consumables were also streamlined.

Bangladesh has an extensive network of community clinics (about 14,000 in number) at the grassroots level; along with healthcare centres at union and upazila levels. The community clinic is an innovation in Bangladesh to extend primary health care to the doorsteps of the rural people throughout rural Bangladesh; having one clinic for every 6,000 population on average. These are also unique examples of public-private partnerships (PPPs) as these are constructed on community donated land while construction, medicine, service providers, logistics, and all other inputs are from the government while management is carried out by both the community and the government through community groups. These facilities provide a useful conduit of developing a network capable of providing both testing and post-test healthcare throughout the country, if necessary with collaboration with the NGOs having expertise in health-related issues.

In the case of food security, all four dimensions (availability, physical and economic access, utilisation and stability) have been affected, directly and indirectly, by the Covid-19 pandemic. The supply chains of agricultural products have been disrupted and the consumers have less access to the needed food items. The agriculture input market has also been affected which, unless quickly addressed, will affect future agricultural production and livelihoods. The urgent priority is to support the vulnerable and food-insecure households with a minimum food basket and promote healthy practices and nutrition to strengthen the body immune system to fight against the coronavirus. Food system rehabilitation is of high priority to minimise the risks and uncertainties. With disruption in health and immunisation services and challenges to dietary diversity, the incidence of acutely malnourished children will rise at least in the short run.

With the closure of educational institutions, about 40 million school-aged children have no or limited access to education. If the closure of schools prolongs, children from poor and marginalised households may be forced to discontinue education (considering their high opportunity costs) leading to a rise of out-of-school children in the country. The government needs to develop a realistic education continuity programme to address the short-term challenges. The children have also become more vulnerable to violence and psychological distress due to Covid-19 along with high risk of exposure to child labour, sexual violence, and child marriage.

The crisis has similarly affected the students of tertiary educational institutions, both public and private, as all educational institutions are closed since March 2020. Although some public and private universities have resumed online classes on a limited scale, the morale and psyche of the students are low due to the pandemic.5

5A case study conducted on the graduate students of Independent University, Bangladesh (IUB) indicates that the city dwelling university students are undergoing an increased level of fear and tension because of the lockdown and Covid-19. Drastic changes in their daily lives have occurred including
Additionally, coping and adjusting strategies in their life styles during the crisis include the city dwellers and students’ increased use of social media and smartphones to stay in touch with family members and friends to overcome social isolation (Mujeri 2020). The effects on the tertiary students from poorer households especially in the rural areas are more prominent because of lack of adequate ICT infrastructure in the rural localities and their inability to purchase high-speed internet data, laptops, and smartphones. This also precludes them from participating in the online classes causing more digital divide between the city dwelling and the rural students of tertiary educational institutions. It is important to address the issue to ensure that the students from disadvantaged groups and areas are able to purchase mobile data, laptops, and smartphones at affordable prices.

Another major short-term concern is to undertake emergency employment creation programmes through temporary jobs using, for example, the ‘cash-for-work’ modality for the epidemiologically vulnerable households and businesses in the informal economy who have been forced to discontinue or close down their activities and have limited opportunities to cope and adapt to the present reality. Monetary and technical support for quick recovery of small businesses and microenterprises losing productive capital during Covid-19 should also be prioritised for creating jobs especially in the rural areas.

9.7.2 Medium and Long-Term Response Framework

It appears that if recovery is fast (the so-called V-shaped recovery), economic activities may start to rebound in Bangladesh by the end of 2020. However, the critical factor is the recovery of all sectors of the economy which is still uncertain due to both timing and precision of the speed and the extent of recovery. For the longer term, the innovations developed for the Covid-19 response should be linked to the existing broader social protection measures for building a comprehensive system that would be resilient to similar pandemics in future. A major effort should be directed to install integrated disaster response services and risk mitigation measures using prioritised sectors/interventions, such as health and nutrition, livelihoods and food security, life skills/education, gender-based violence and gender equality issues, support services for the adolescents and youth, and deprivations of disadvantaged populations including the poor, indigenous populations, and marginalised communities.

For food security and livelihoods, the key areas are to remove the constraints to crops, poultry, fisheries and livestock production and remove supply chain bottlenecks. Further, ensuring availability of key agricultural inputs (e.g. improved seeds, fertilisers, irrigation, and agricultural machinery) by ensuring effective functioning of the input supply chains is critical for the farmers. Similarly, special support...
programmes are needed for formal and informal food-related enterprises to maintain cash flows and overcome the demand shrinkages due to the crisis. Programmes should also be designed for targeted supplementary feeding and imparting scientific health nutrition practices for the nutritionally vulnerable population groups including children, lactating mothers and the elderly from the poor and disadvantaged households.

Another priority area is to generate employment for the low and unskilled workers through implementing labour-intensive public works programmes and/or other priority short-term activities especially for the crisis-affected communities. For the CMSMEs, enterprise recovery support can reactivate livelihood activities with short production and sales cycles to revive the business. Similarly, assistance to the local entrepreneurs in the form of ‘start-up grant’ and ‘start-up package’ to generate income through self-employment can be effective to recover at least a part of their lost livelihood assets; and they could with their entrepreneurial knowledge and experience be able to carry on their businesses in both farm and nonfarm activities.

The pervasive nature of the Covid-19 impact suggests that complementary response efforts are needed including the participation of the private sector and the civil society organisations (including the NGO-MFIs) to address the challenges. In particular, in view of its geographical characteristics and location, Bangladesh is extremely vulnerable to a wide range of climate-induced hazards; and any such event will significantly exacerbate the existing vulnerabilities of the Covid-19 pandemic as well as exponentially increase the risk of spreading the deadly virus especially among the vulnerable populations.

### 9.7.3 Covid-19 and the Informal Economy

With the adoption of both nationwide and local initiatives to prevent the spread of Covid-19, the measures have created a significant impact on the informal workers, who form about 87% of the country’s 70 million labour force (as estimated in 2019). Moreover, women labour is over-represented in the most hard-hit sectors. The key concern is that the informal economy workers need to earn incomes to feed themselves and their families, as they have no option to rely on income replacement or savings. The dilemma from them is to choose whether ‘to die from hunger or from the coronavirus’ in the absence of earnings during the pandemic. The informal enterprises, which account for around nine out of every ten enterprises, also face a similar situation in Bangladesh. It is important, therefore, to focus on both immediate responses along with implementing longer-term measures to ensure decent work and well being of the workers and the working of the informal enterprises.

Among the informal economy workers who are significantly impacted by the crisis, women are over-represented in the high-risk sectors. These include workers in sectors, such as accommodation and food services, manufacturing, wholesale and retail trade and others, including farmers producing for the urban market (ILO 2020). The local and informal food markets play an essential role in ensuring food security
in Bangladesh, both as sources of purchased food and markets for small farmers to sell their products. The disruptions in these markets have led to increased food insecurity and poverty for these vulnerable workers and their households. The risks associated with Covid-19 also exacerbate the vulnerabilities of the informal workers. In the urban areas, the informal workers and their families remain exposed to the virus since they mostly live in slums having overcrowded and unsanitary living conditions. Moreover, informal workers, particularly in the rural areas, remain poorly informed about the virus and seldom have access to personal protective equipment (PPE) and hand-washing facilities at their workplaces.

Moreover, the crisis is likely to have long-lasting effects on the Bangladesh economy, as the recovery is will be slow and uneven across the sectors. Without any income replacement in the absence of a strong and universal social protection system, even many formal enterprises may also be pushed into informality. The uneven impact may trigger restructuring of economic activities resulting in reallocations of labour towards less vulnerable sectors and supply chains leading to greater frictional unemployment and further expansion of the informal economy.

**Major responses for the informal economy**

For the Covid-19, immediate responses should follow a multi-component strategy covering several actions, such as limit the exposure to the virus and assist in accessing healthcare services, provide income and food support, and support informal enterprises to preserve and restore jobs based on four pillars (ILO 2020).

- **Pillar 1** Stimulate economy and expand employment: Actions (both at macro and sector levels) such as active fiscal and monetary policies and financial support to specific sectors (including the informal enterprises).

- **Pillar 2** Support enterprises, jobs, and incomes: Actions (at meso level) to extend social protection, employment retention measures, and fiscal support to enterprises including informal enterprises.

- **Pillar 3** Protect workers: Actions (at micro-level) to strengthen OSH measures, flexible work arrangements, address discrimination, and exclusion.

- **Pillar 4** Rely on social dialogue: Actions (cross-cutting) to strengthen the capacity and resilience of informal enterprises and social dialogue with informal sector participants.

A key challenge, however, for the government is to reach the disadvantaged in the informal economy which is characterised by a high degree of heterogeneity. In view of the overwhelming dominance of the informal sector in the Bangladesh economy, any failure to support these enterprises during the crisis could have serious implications on the country’s growth and social performance, and consequently on the desired ST. As Bangladesh moves from containment to recovery phases of the pandemic, it is essential to restore the environment that is conducive to growth of enterprises and productivity to fast-track recovery and accelerate the transition to the country’s desired transformation path to prosperity.
9.7 Need for Multi-sectoral Responses

9.7.4 Covid-19 and the Microfinance Sector

The microfinance sector in Bangladesh has undergone significant transformations over the years to emerge as important partners of development in Bangladesh, especially during difficult times such as the Covid-19 pandemic. However, with Bangladesh’s rapid development over the last fifty years and changes in global and national development perspectives, the sector’s space of traditional activities has been squeezed over time. Under the changed circumstances, the NGO-NFIs need to work continuously to identify new niches that fit with their development goals and create links with the country’s technology and market-linked mainstream development activities, promote inclusive development and sustainable and productive livelihoods for the majority engaged in informal activities.

In Bangladesh, many poor people and microentrepreneurs rely on various financial services offered by the MFIs.

However, as the MFI borrowers have become vulnerable due to the pandemic, this has also created a serious threat to the MFIs and their sustainability. The pandemic has affected the earnings of the borrowers weakening their repayment capacity. The loan default possibilities and administrative costs have increased creating liquidity shortages for the MFIs and their operational sustainability. The key strength of the MFIs is their reliance on trust and personal relationships with the borrowers rather than depending on asset-based lending or collateral like the commercial banks. Moreover, the target borrowers are the low-income groups in society. Thus, any failure on the part of the microfinance sector would have serious implications and penalties on Bangladesh society.

In the present crisis, the NGO-MFIs can play a useful role in tackling Covid-19 impact. These institutions have their presence at the grassroots level with a good track record of working closely with the government during natural calamities and other difficult times. The institutions can be involved with the local government institutions (LGIs) to tackle the Covid-19 impacts and ensuring a stronger health system in the rural areas. The Covid-19 pandemic has shown how fragile is the country’s hard-earned success in poverty reduction to external and internal shocks. The need is to put more emphasis on building the resilience and inherent capacity of the people to withstand shocks and put in place well-designed social protection measures to help them at times of crisis. The MFI borrowers, about 35 million in total, belong to the poor groups and informal sector participants for whom microfinance support is vital for ensuring their consumption, production and investment activities during the pandemic. There are also about 0.25 million staff who are employed in the microfinance sector. For the survival of these large numbers of the vulnerable populations, it is important to devise ways to ensure regular operations in the microfinance sector especially for financing family ventures and small businesses.
The economic impact of Covid-19 has mainly been felt through three channels in Bangladesh: (i) decline in domestic economic activity and business confidence; (ii) fall in exports; and (iii) impact on remittances. These have affected both the country’s macroeconomy as well as the household economies of millions of people especially the poor, low income, and vulnerable households. The major target of the monetary policy during the pandemic should therefore be the recovery of the economy and rehabilitation of the economy’s production capacity and the livelihoods of the people.

Empirical evidence shows that the relationship between the monetary policy aggregates and inflation has become increasingly weak in Bangladesh so that price stability as the strategic target of monetary policy is losing its credibility (see Alam 2015; Mujeri 2009). The key consideration for the monetary policy should therefore be to adopt a medium to long-term anti-Covid-19 strategy. The strategy should cover broader policies to avoid past mistakes, minimise financial instability risks, and facilitate the rapid movement to a ‘new normal’. Obviously, the focus will have to be on Covid-19 crisis management. For ensuring effectiveness, the monetary policy strategy may be implemented within a phased approach under which the first phase should be devoted more towards strengthening and consolidating the short-term achievements and adopt the right sequencing for implementing the second phase policies.

One major aspect of the medium and longer-term policies will be to ensure a close coordination between the monetary and fiscal policies where fiscal policies will play the lead role while the monetary policy will take the supportive role. The fiscal policies of the medium phase would cover both redistributive measures and increased public expenditures, transfers and tax reliefs for individuals/enterprises. The role of the monetary policy will be to effectively structure the newly accumulated public debt, monitor the liquidity situation of the banks, keep the interest rates low, and contain the interest rate spreads within limits. For the external sector, the policies should favour stable exchange rates.

The key concern, however, would be to provide liquidity to prevent financial instability from leading to further deterioration of the real economy. Along with this, for ensuring long-run growth necessary to restore economic well-being, Bangladesh Bank would have to adapt to new realities for using financial markets to ensure required liquidity, not through manipulating interest rates to finance government deficit and providing cheap credit to CMSMEs and other priority activities. For the medium term, Bangladesh Bank should also step up providing credit for green investment and employment stimulus. What matters most is the enhanced role of the monetary policy to create employment and reconnect the supply chains and assist in the transition to higher growth and sustainability.
9.9 Exploiting Potentials of the ‘Gig Economy’

Since the 2000s, the rapid digitalisation of the global economy has led to spectacular development of ICT, for instance, the Internet and the spread of smartphones. These developments have also been transforming the economic landscape of Bangladesh. As a result, on-demand platform based on digital technology has been creating jobs and employment practices that are different from the traditional full-time jobs which are characterised by hardly any change in positions with emphasis on a lifetime career. In general, traditional job is defined as a full-time worker with regular working hours, including related benefits. But the definition of work started to change with technological advances, and this change in the economy has formed a new type of labour market based on independent and contractual labour giving rise to what is termed as the ‘gig economy’.

By definition, gig workers are free contractors, online platform employees, contractual firm employees, on-call employees, and temporary employees. Gig workers usually enter into formal agreements with enterprises to provide services to the clienteles only when needed. In a gig economy, short-term and flexible jobs are more prevalent and enterprises hire independent contractors and freelancers more than full-time employees. A gig economy, therefore, challenges the traditional norms of full-time employment with a lifetime career. The gig economy can benefit employees, businesses, and consumers since it makes work more flexible to meet the immediate requirements and promote more adaptable lifestyles for the gig workers. In comparison, the gig economy can also have a downside as it erodes the conventional economic relationships between employees, businesses, and clients (Chappelow 2020).

The term ‘gig’ was traditionally used to refer to the musicians, which generally means a job for a specific period of time. Musicians, artists, photographers, etc. were conventionally known as the gig workers. The term gig economy has now widened its applicability as an economy transforms into digitally and technologically more advanced. The gig economy is based on an open market system where people work intentionally with short-term engagements. Some common gig employees are freelancers, contract workers, and part-time employees in the digital and other parts of the formal/informal economy.

The rapid digitalisation of the Bangladesh economy in recent years has driven innovations in its service industry fuelling diversified domestic job opportunities and aiding rapid economic growth. In the pursuit to lower costs and risks, many big corporations in developed countries are adopting IT outsourcing to countries like Bangladesh, leading to a recent boom in gig workers. Freelancing or gig jobs consist of, for instance, computer programming to web design, tax preparation, and search engine optimisation. This has created a wide range of new job prospects for the people in Bangladesh that did not exist a decade ago.

In particular, South Asia has emerged as the leading region for providing these outsourcing services to the rest of the world. Consequently, Bangladesh has emerged as the second-largest supplier of online contractual workers after India. Almost
500,000 active freelancers/gig workers are currently working regularly, out of a total of 650,000 registered gig workers in Bangladesh; earning USD 100 million annually, according to the ICT Division of the Government of Bangladesh (Zaman 2019). Although India has emerged as the largest supplier of online freelancers, providing almost 24% of total global freelance workers, Bangladesh (16%) is a close second at present. Different countries are focusing on different sectors or niches of gig worker’s services. For example, technology and software development sector is dominated by Indian gig workers, while Bangladesh is the biggest supplier of sales and marketing support services (Zaman 2019).

Globally, the gig economy has been expanding with two major components: (i) knowledge-based gigs comprising of jobs, such as machine-learning data scientists and independent management consultants; and (ii) service-based gig workers covering tradespeople and delivery service providers. Technology and software platforms provide a large section of the economy which combines the sharing economy. This comprises services such as Uber, Pathao, AirBnB, etc. are rapidly emerging as integral parts of the daily life especially of the urban cities in Bangladesh. The Covid-19 pandemic has fuelled further expansion of the gig economy for several categories of workers, especially the educated youth, to pursue decent livelihoods. On the other hand, with disruptions caused by the pandemic, some workers of the gig economy are among the hardest hit by the pandemic (Yerby and Page-Tickell 2020). For many of the gig workers, there has been substantial decline in work especially in the developed world.

In Bangladesh, the gig workers have little choice between protecting their health from coronavirus and the need to work for their livelihood. Only a limited number of matured platform companies offer some forms of protection to their frontline gig workers, such as glass screens, masks, and plastic gloves (Yerby and Page-Tickell 2020). In contrast, the Covid-19 pandemic is also bringing about a paradigm shift in business techniques resulting in growth of gig work. Since people are confined in their homes, all activities including business operations are being conducted online. As a result, many of the brick and mortar businesses are shifting their operations online creating higher demand for gig workers in e-commerce, app and web design, and search engine optimisations, digital marketing activities, and others. In the Covid-19 affected world, the potential of artificial intelligence (AI) and machine learning is also likely to increase demanding more gig workers in these areas. Further, marketing technologies and AI-aided advertising are likely to be vigorously pursued by many global companies. For addressing Covid-19-related challenges, Bangladesh needs a programme that can work as an automatic stabiliser which can be expanded to provide income support to the affected workers. Many of the workers employed in the informal labour market and those who are self-employed (including the gig workers) have lost their livelihoods during the crisis.

Innovations and supports are required to restore the gig economy. What is important is to work out a comprehensive package of government and private sector support measures that could provide stimulus to economic activities and protection to the labour force in need of new jobs. The gig economy faces both opportunities and challenges in this respect. For many workers, the expansion of the gig economy provides
new sources of earnings and new job opportunities. However, the gig workers are freelancers who work without the benefits of traditional work arrangements; and hence, social services should be improved and their coverage ensured to sustain their well-being. The isolated nature of work of the gig workers, moreover, means that these workers have little or no physical acquaintance with each other that could undermine their rights and organisation abilities to assist in resolving workplace issues. Further, the institutions employing gig labour can avoid existing labour regulations through classifying these workers as independent.

The voice of the gig workers expressed through electronic media, such as social media platforms, online forums and other digital channels can provide alternative avenues for peer-to-peer communication and organisation without formalised, institutional structures like the trade unions. Thus ‘e-voice’ can offer a new way to assist the gig workers to act collectively and have their voices heard using digital technology.

9.10 Concluding Remarks

While the incidence of human deaths due to Covid-19 is relatively low in Bangladesh, the economic costs are already deep. The country has rising levels of domestic and external debt and a low-level FDI. The economy is highly dependent on external sources of income, such as RMGs exports and remittance incomes. It has also experienced severe impacts of Covid-19 on tourism, although not very important, but it is a rapidly rising source of foreign exchange earnings and job creation in the country. The early impact of Covid-19 in Bangladesh has several implications on the strategic development in South Asia. The efforts by India to create the SAARC Emergency Fund under the South Asian Association for Regional Cooperation (SAARC) forum is a step which could lead to useful regional cooperation during these difficult times. The richer South Asian countries can also provide crisis response assistance, such as providing testing kits, personal protective equipment, and other medical supplies to smaller countries to address the Covid-19 challenges.

Smaller South Asian countries including Bangladesh also face serious financial problems, significantly exacerbated by the impact of the pandemic on their national economies and the global supply chains. In these circumstances, South-South, triangular and other forms of cooperation among the South Asian countries can represent new and innovative types of Covid-19 crisis relief in South Asia. The region may also work collectively to leverage SAARC and other networks to catalyse an effective response to the pandemic in South Asia by the multilateral development institutions and strategic partners.

As the Covid-19 crisis continues to wreak havoc on public health and the socio-economic developments in Bangladesh and other South Asian countries, the global community has an added responsibility to maintain its commitment especially to the smaller South Asian countries to show the relevance of the emerging economic cooperation model in the new era of globalisation and technological advancement.
Further, climate change is a priority for Bangladesh’s development; and increased investments in adaptation have made the country more resilient to natural disasters. Cyclone Amphan has been less devastating than initially feared because of better early warning systems and more investments in embankment infrastructure and shelters. As efforts to promote a green recovery take deeper roots, Bangladesh will also attract more FDIs that will contribute to climate change mitigation.

The Covid-19 pandemic highlights that Bangladesh needs to adopt an integrated disaster and development paradigm, particularly with respect to its ongoing ST process. The current paradigm needs to evolve and integrate practical ways to deal with such future crisis for the sake of survivability and sustainability. The experience of Covid-19 has no doubt contributed to some progress in the policy environment; but the reality is that such progress in policy making can only be effective only if the capacity to respond to the complex intersections of economic, social, environmental, and other impacts especially on the most vulnerable population increases commensurately.

Bangladesh needs to aspire for ST and advance its development paradigm towards improving the quality of life of its population in a risk-sensitive manner. Obviously, an inclusive and health and well-being focused ST presents a readily transformative way to advance the people-centred approach to development in Bangladesh through both vulnerability reduction and investments in sustainable development that would offset both known and unknown disaster threats. Nevertheless, the transition to future security and sustained well-being also requires appropriate political and economic contexts; and requires new technological and social breakthroughs that would widen Bangladesh’s options for sustainable and inclusive ST and reduce hazards, risks, and disasters in society. Further, ensuring rapid progress is essential to consolidate Bangladesh’s nascent democracy which is still susceptible to authoritarianism. For the global community, the country also presents an excellent opportunity to extend the benefits of development and invest in supply chains and increased connectivity riding on its rapid ST and development.

References

ADB. 2020a. The Economic Impact of the COVID-19 Outbreak on Developing Asia. ADB Briefs No. 128, Asian Development Bank, Manila.
ADB. 2020b. An Updated Assessment of the Economic Impact of COVID-19. ADB Briefs No. 133, Asian Development Bank, Manila.
Alam, M.R. 2015. Effectiveness of Monetary Policy in Bangladesh. Journal of Developing Areas 49 (2): 363–372.
Banerjee, A., D. Karlan, and J. Zinman. 2015. Six Randomized Evaluations of Microcredit: Introduction and Further Steps. American Economic Journal: Applied Economics 7 (1): 1–21.
BB. 2020. Monetary Policy Statement: Fiscal Year 2020–21. Bangladesh Bank, Dhaka.
BBS. 2019. Women and Men in Bangladesh: Facts and Figures 2018. Bangladesh Bureau of Statistics, Swedish International Development Cooperation Agency, Statistics Sweden and UN Women, Dhaka.
References

CCSA. 2020. How COVID-19 is changing the World: A Statistical Perspective. Committee for the Coordination of Statistical Activities, UNCTAD, Geneva.

Chappelow, J. 2020. Gig Economy. https://www.investopedia.com/terms/g/gig-economy.asp. Accessed 13 June 2020.

DMB. 2010. Standing Orders on Disaster. Disaster Management Bureau, Disaster Management and Relief Division, Ministry of Food and Disaster Management, Dhaka.

GoB. 2020. Economic Transition and Pathway to Progress: Budget Speech 2020–21. Minister of Finance, Ministry of Finance, Government of the People’s Republic of Bangladesh, Dhaka.

ILO. 2020. ILO Monitor: COVID-19 and the World of Work, Updated Estimates and Analysis, 3rd ed. Geneva: International Labour Organization, 29 Apr 2020.

Mujeri, M.K. 2008. Inflation and the Poor in Bangladesh. Policy Paper 0801, Policy Analysis Unit, Bangladesh Bank, Dhaka.

Mujeri, M.K. 2009. Trend and Characteristics of Recent Inflation in Bangladesh. Policy Paper 0901, Policy Analysis Unit, Bangladesh Bank, Dhaka.

Mujeri, M.K., and N. Mujeri. 2020. Bangladesh at Fifty: Moving beyond Development Traps. London: Palgrave Macmillan.

Mujeri, N. 2020. Sedentary Behaviour of City Dwellers during Lock-down Period after Corona Virus Outbreak: A Case Study on EMBA Students of IUB. Research Paper, School of Business and Entrepreneurship, Independent University Bangladesh, Dhaka.

Osmani, S.R. 2020. Coping with COVID-19: The Case of Bangladesh. Research Report, Rapid Research Response to COVID-19, Series Economy 02, BRAC Institute of Governance and Development, Dhaka.

World Bank. 2020a. South Asia Economic Focus, Spring 2020: The Cursed Blessing of Public Banks. Washington DC: World Bank. https://openknowledge.worldbank.org/handle/10986/33478 License: CC BY 3.0 IGO.

World Bank. 2020. Global Economic Prospects June 2020. Washington DC: World Bank.

Yerby, E., and R. Page-Tickell. 2020. Where Next for the Gig Economy and Precarious Work Post COVID-19? Management with Impact: https://blogs.lse.ac.uk/management/2020/05/01/where-next-for-the-gig-economy-and-precarious-work-post-covid-19/. Accessed 13 June 2020.

Zaman, A. 2019. A Freelancing Boom is Reshaping Bangladesh and Its Economy. The Print: https://theprint.in/world/a-freelancing-boom-is-reshaping-bangladesh-and-its-economy/252971/. Accessed 13 June 2020.