



TAMING CORONAVIRUS RAMPAGE

Cash transfer is the assistance the poor need right now



ZAHID HUSSAIN

Early data on the poverty impact of the coronavirus-induced coma of the economy, as Nobel laureate economist Paul Krugman characterises it, is rather alarming.

A survey by the Power and Participation Research Centre and BRAC Institute for Governance and Development on 5,471 poor families (including newly poor), presumably most, if not all, from the informal sectors in the urban space and rural areas finds about 80 per cent respondents lost jobs.

And those who still had jobs lost 50-90 per cent of their pre-coronavirus income, and the proportion of those who could afford three square meals a day has declined from 98 per cent to 73 per cent. Incomes of all poor on average plummeted 76 per cent.

And the majority of them have survived by cutting expenditures, drawing down savings and borrowing from families and friends.

The amount of food intake declined 47 per cent in cities and 32 per cent in villages. Their stocks of food are fast running out and the jobs and income losses getting worse.

The newly poor constituted 35.3 per cent of the sample, which appears to be a purposive sample of poor households with an average family size of 4.85.

If this is a representative estimate of the national level impact, it means 14.3 million people have joined the ranks of the 40 million poor before coronavirus.

Only 14 per cent said they received government help, while 5 per cent said they were helped by the non-governmental organisations.

The poor people will not be able to fight the situation for long. The people in villages said they could sustain for 13 more days and in cities eight.

It is a time of existential reckoning for at least 55 million people.

A vast number of them face the spectre of hunger at the end of April. They need assistance. How much and for how long?

The size of the assistance recommended by the study is certainly an under-response. They recommend spending Tk 5,600 crore for one

month to support 38.2 million poor.

Poor families in villages, per their estimates, could run their families for Tk 6,600 a month, while those in cities need Tk 8,800. These are slightly below the lower poverty line national level estimates based on 2016-17 prices.

However, it could be thought of as compensating the increase in poverty gap and hence a lot better than nothing.

Why the other 17 million poor are left out of this assistance programme, which would need another Tk 2,500 crore, is not quite clear. Surely, the Tk 2,500 crore cannot be the reason.

affected by home quarantines, the shutdown of non-essential businesses, and higher prices for food and basic goods.

Different type of thinking also requires forsaking models that do not work for the poor. These include open market sales and the food-based transfer programmes.

The reason is plain and simple. Both the spread risk and the logistical challenges in the delivery of food are just too much to handle, given the scale and likely duration of the problem.

Media reports suggest that the incidents of pilferage in food distribution are much higher

and so on.

These also include support for homeless populations, as planned in Bangladesh, subsidies that let utilities waive fees for basic services, waivers for loans and other financial obligations, and coronavirus-sensitive public works.

Additional assistance to the poorest prevents negative coping strategies, such as reducing food consumption or selling vital assets and help protect human capital.

Time-bound cash transfers to food-insecure households with children under the age of 2 mitigate the effects of higher food prices and

households are registered and access benefits. Post Office cash cards can also be used for the purpose.

The sooner we recognise the merits of cash transfers and the hazards of food-based programmes at such an unprecedented time of distress for the vast number of people, the less time we waste.

Through the coronavirus mitigation efforts, we are trying to buy time at a very high cost to the economy, the poor and the vulnerable in particular. We cannot afford to waste it.

Nothing will better complement the spread of coronavirus than the spread of hunger.



SK ENAMUL HAQ

If the situation worsens, more assistance will be needed, according to Hossain Zillur Rahman.

The traditional relief of the government will not be enough to fight the present situation.

The government claims to have enough food. But, as another Nobel laureate economist Amartya Sen taught us many moons ago, food availability per se does not guarantee access when people are faced with entitlement failures.

Whether the situation at the end of the month will be good or bad depends on the restoration of entitlements lost by the poor.

This requires quick actions based on different types of thinking. Social protection systems in 126 countries have already introduced or adapted existing social protection and labour market policies with 505 measures.

There is a lot to learn from the responses. These measures attempt to ensure that no one is left behind by this unprecedented crisis.

Leaving out 17 million is leaving out too many, falling a little short of different type of thinking.

It is not possible to get through the pandemic leaving behind so many adversely

than officially recognised. Exhortations to maintain social distancing and keep the distribution corruption-free are routinely disregarded.

It is critical to expand social safety nets so that they quickly disburse more or larger assistance to new and existing beneficiaries.

Currently, 1,300 new cash initiatives have been introduced globally.

Delivering cash to the poor directly is not necessarily tougher than delivering food. This is particularly true for Bangladesh where micro-finance programmes and NGO partnership in service delivery have played such a key role in what Wahiduddin Mahmud characterised as the "Bangladesh Development Surprise".

Transactions via mobile financial services have increased phenomenally since 2014.

There is no reason to risk social distancing at such a massive scale every day in many different areas, including hotspots, when the whole country is declared to be at a high risk of coronavirus spread.

Social safety nets need to be extended further to certain at-risk groups, including those in affected employment sectors, such as garments, transport, hotels and restaurants, shops, internal and international migrants

protect children's nutrition.

There is nothing in international data to suggest that cash transfers do not achieve the intended objectives better than food transfers.

In their recent book Economics of Hard Times, Abhijit Banerjee and Esther Duflo lay out the evidence.

What is very clear from various country experiments is that cash transfers raise the share of the poor's total expenses that go to food; improves nutrition and increases expenditure on schooling and health.

And cash transfers generally increase food expenditures as much as food rations.

We need more of what works, not more of what does not work even in normal times. We do not need measures that undermine virus spread mitigation.

Cash transfers have a proven record in Bangladesh.

For instance, the government's cash transfer modernisation project under the ministry of social welfare administers the old age, widow and disability allowance programmes, reaching more than 6 million poor households.

Social distancing is an added advantage that goes naturally with cash transfers.

Operationalising the national household database can ensure all vulnerable and poor

Delivering food against 5 million ration cards to the poor regularly until their livelihood systems are restored is a huge challenge both from targeting and governance points of view.

The intent is laudable, but an equivalent amount of cash transfers will be relatively easier on both counts.

Government stocks are better used to keep food prices at the retail level stable by augmenting the stock of private retailers through sales at wholesale market prices when prices tend to rise.

Enhanced government procurement of paddy from the farmers will hopefully help them get better prices from the millers as well.

Public stocks so acquired is better used to augment the supply of rice in the wholesale market so that the millers and stockers cannot use higher paddy prices as an excuse to gouge wholesale rice prices.

Is the risk of widespread hunger overblown? We all hope it is overblown.

However, what we are observing on the streets these days all over the country is sufficient to warn that we can discount such a risk only at our own peril. This is what I read on the wall. Don't you?

The writer is an economist

Nothing seems to be helping in easing Ctg port congestion

DWAIPAYAN BARUA, Ctg

The 100 per cent waiver on store rent for import containers to solve the acute container congestion at Chattogram port ended yesterday with virtually no improvement in the space crisis.

On April 5, the Chattogram Port Authority announced the waiver for import containers that arrived within the general holiday believing such a step would encourage the importers to take delivery.

Due to the space crisis since the last 25 days, the country's premier port's container handling operations like loading, unloading and berthing of vessels have been severely hampered.

The number of total import containers lying at the port reached at 49,974 TEUs yesterday, up from the capacity of 49,018 TEUs.

Some 11 container vessels were

seen at the jetties yesterday, while 32 more vessels were waiting at the outer anchorage for getting berths.

Garment factory owners brought in about 40 per cent of the import containers now lying at the port, said Md Zafar Alam, CPA's member of administration and planning.

However, MA Salam, first vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a letter on Sunday requested the CPA to extend the waiver by at least 10 days after the government lifts the countrywide shutdown.

Although the countrywide shutdown is scheduled to end on April 25, it is expected that it would be extended further given the exponential rise in cases and deaths.

The CPA though is against extending the timeframe for the waiver.

"The port is not a warehouse where businesses would store their imports for a long period," Alam said.

Salam in his letter argued that the factory owners are failing to take delivery of their imports mainly for transport and workers crisis and other difficulties as most of the garment factories have remained closed now.

BGMEA Director Anjan Shekhar Das blamed the slow delivery of import containers on the hurdles in managing import-related documents as different government and private offices like banks are providing services for shorter periods due to the shutdown.

Spaces in most factories are already occupied with finished cargo and previously brought in raw materials, which are restricting the businesses to take delivery of import goods from the port, he said.

HSBC supports local community

STAR BUSINESS DESK

HSBC has committed to support 5,000 vulnerable families by supplying them with emergency food and hygiene packs in partnership with local business group City Group and SAJIDA Foundation.

The bank has also partnered with WaterAid to provide personal protective equipment and KN95 masks to medical staff in Chattogram and Dhaka, it said in a statement recently.

"We are proud to be able to make a difference by supporting vulnerable communities and frontline healthcare workers," said Md Mahub ur Rahman, chief executive officer of HSBC Bangladesh.

POSTPONEMENT OF 21ST ANNUAL GENERAL MEETING OF BANK ASIA LIMITED

This is for information of all concerned that, due to unavoidable circumstances arising from Coronavirus spread in the country and government holidays from 26th March to 25th April 2020, the Board of Directors of Bank Asia Limited has decided that the 21st Annual General Meeting (AGM) scheduled to be held on 29th April 2020, Wednesday, is hereby postponed.

The new date, time and venue of the 21st AGM will be notified in due course after evaluating the Coronavirus situation.

Dated: Dhaka
April 20, 2020

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