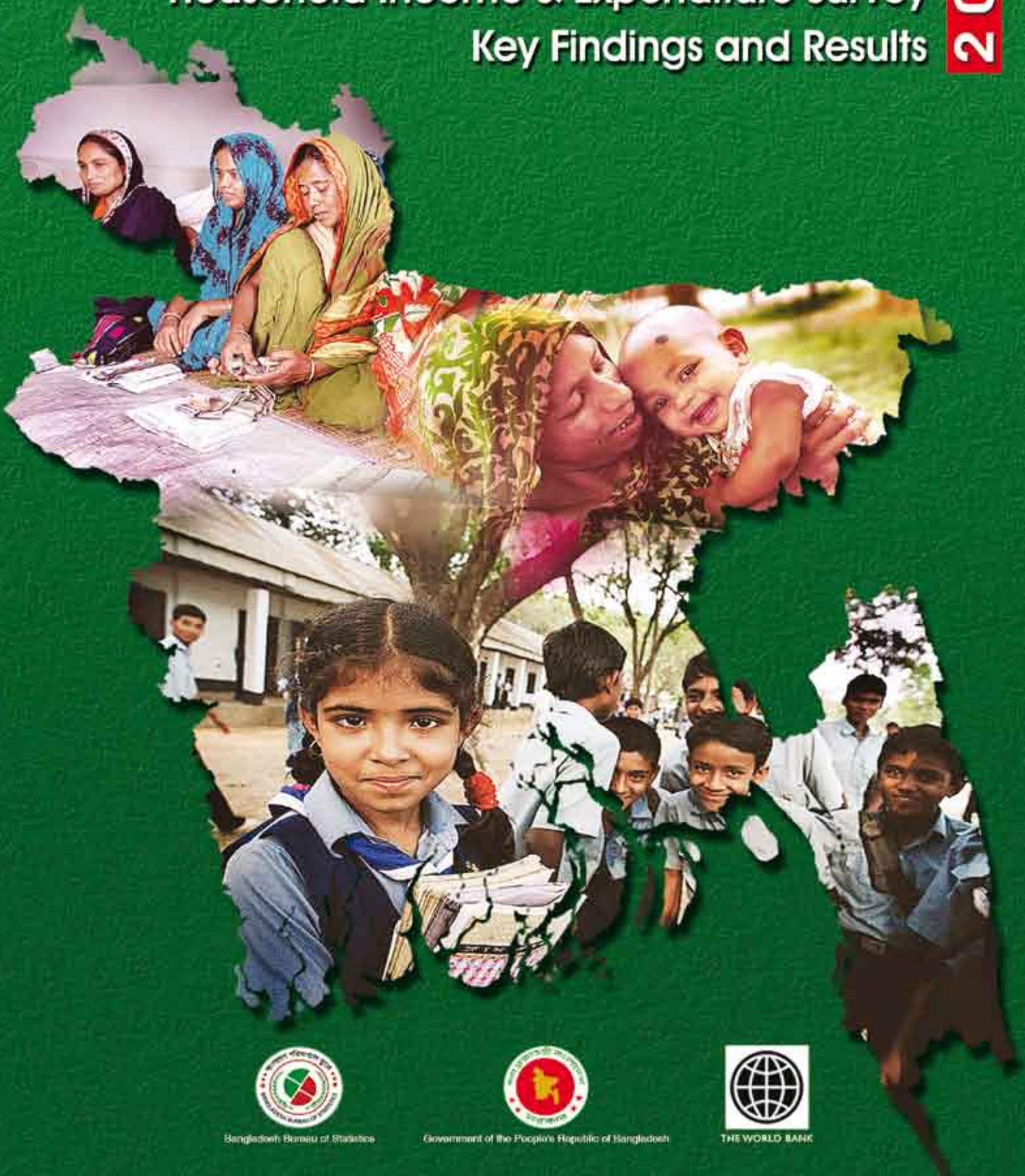


BANGLADESH

Household Income & Expenditure Survey

Key Findings and Results

2010
2



Bangladesh Bureau of Statistics



Government of the People's Republic of Bangladesh



THE WORLD BANK

Ministry of Planning



Air Vice Marshal (Retd.) A K Khandker
Minister

Government of the People's
Republic of Bangladesh

M E S S A G E

It is a great pleasure for me that Bangladesh Bureau of Statistics and the World Bank is going to release the preliminary findings of the Household Income and Expenditure Survey (HIES) 2010.

Household Income and Expenditure Survey (HIES) 2010 is a collaborative effort of BBS and the World Bank. This important survey has traditionally provided requisite data on income inequality, consumption pattern, level of living standard and for estimating poverty situation and related socio-economic characteristics prevailing in the country. It may be mentioned that poverty data were very much needed in determining goals and strategies for the Sixth Five Year Plan keeping in view the targets proposed under vision 2021.

We appreciate the role of World Bank in providing technical and financial support for conducting the survey and releasing the report. We hope that such kind of collaboration and support will continue in future for the development of the statistical system of Bangladesh.

I thank Secretary of Statistics Division, Director General of BBS and other concerned persons for their hard work for implementing the project programmes in time.

I sincerely hope that this workshop will be successful in fulfilling the desired objectives.

June 2011
Dhaka

Air Vice Marshal (Retd.) A K Khandker, BU

সচিব
পরিসংখ্যান বিভাগ
পরিকল্পনা মন্ত্রণালয়
গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
ঢাকা-১২০৭



Secretary
Statistics Division
Ministry of Planning
Government of the People's Republic of Bangladesh
Dhaka-1207

F O R E W O R D

I am delighted to know that Bangladesh Bureau of Statistics (BBS) in cooperation with the World Bank is publishing a brochure highlighting the key findings of Household Income and Expenditure Survey (HIES) 2010.

It is worth mentioning that HIES is the standalone survey in Bangladesh to provide reliable estimate of poverty situation of the country. It also presents information on household income, expenditure, consumption and nutrition. The current round of HIES also collected some new information on micro-credit, migration and remittance, disability, crisis and crisis management. These new information have added new dimension to the report that would help to address the socio-economic differentials of poverty.

I would like to thank Bangladesh Bureau of Statistics for completing the survey within the stipulated time. The technical and financial support from the World Bank in conducting the survey is deeply acknowledged.

I believe that the brochure will be useful to the users to track the poverty trend of Bangladesh and to design appropriate program for eliminating poverty and inequality from the country.

June 2011
Dhaka

(Riti Ibrahim)
Secretary
Statistics Division



FOREWORD

Let me congratulate the Bangladesh Bureau of Statistics (BBS) on successfully completing the 2010 Household Income and Expenditure Survey (HIES). The World Bank is proud to support the BBS in this exercise.

One of the key objectives of this survey is to determine the poverty profile of the country. I am pleased that the preliminary results from the 2010 data show declining poverty and improving living standards in Bangladesh during 2005-10, in spite of global economic shocks and natural calamities that affected the economy. Poverty estimates from different rounds of the HIES are critical to monitoring the outcomes of the National Strategy for Accelerated Poverty Reduction and the forthcoming Sixth Five Year Plan. These estimates can also help the Government refine policies based on results and evidence.

Several factors have contributed to the successful implementation of the 2010 HIES. These include dedication and commitment on the part of the BBS staff, innovative use of the internet for data entry, intensive field testing and supervision, several technical consultations on questionnaire design and poverty estimation techniques, and multiple rounds of capacity enhancement training through various stages of the survey. I am pleased that effective and fruitful collaboration between the World Bank and the Statistics Division of the Ministry of Planning has played a role in this achievement.

We look forward to further supporting the BBS as the focal agency for statistical analysis for policy-makers in Bangladesh. Going forward, we are prepared to partner with the BBS on intensive capacity enhancement for data collection and analysis, innovative exercises like estimation of high-frequency poverty data, and possible updates of the 2005 poverty map.

This event marks the culmination of more than two years of work on preparation and implementation of the HIES, as well as intensive data analysis which was undertaken in less than four months after completion of the survey. My thanks to the Statistics Division of the Ministry of Planning for jointly organizing this workshop with us to disseminate key results from the 2010 HIES.

Ellen Goldstein
Country Director
World Bank Office, Dhaka
Bangladesh

June 2011
Dhaka



Government of the People's Republic of Bangladesh
Ministry of Planning
Bangladesh Bureau of Statistics



P R E F A C E

Bangladesh Bureau of Statistics (BBS) has been conducting the Household Income and Expenditure Survey (HIES) on a regular basis as the core survey (HIES) since 1972-73. The latest HIES was conducted during February, 2010 through January, 2011. World Bank has provided technical and financial support for conducting the survey and processing of the data.

I am delighted to know that World Bank is publishing a brochure on the occasion of releasing preliminary findings of the HIES-2010 through a national workshop. This brochure highlighted the key findings of the HIES-2010.

I take this opportunity to thank the World Bank for providing technical and financial support to BBS for conducting HIES-2010 and processing of data to release the preliminary findings of the survey within 4 months which is praise worthy. My thank is also due for the Project Director, HIES and his team for their relentless effort to conduct the survey and releasing the findings in a very short span of time.

I hope that the brochure will help the users to understand the dimension of poverty in Bangladesh.

(Md. Shahjahan Ali Mollah)
(Additional Secretary)
Director General
Bangladesh Bureau of Statistics

June 2011
Dhaka

The Household Income and Expenditure Survey of Bangladesh

The Household Income and Expenditure Survey (HIES) is the major source of socio-economic information at the household level in Bangladesh. It provides valuable data on household expenditure, income, consumption, savings, housing conditions, education, employment, health, sanitation, water supply, electricity usage, etc.

The Government of Bangladesh (GoB) regards the HIES as a major guide for policy decisions. It provides information that allows the GoB to enhance evidence-based policies, and enables better results-based monitoring of the Five-Year Planning process (and the Poverty Reduction Strategy Paper).

The Bangladesh Bureau of Statistics (BBS) has been conducting the HIES since 1972/73. Typically, the HIES is undertaken every five years. The fifteenth round of the HIES has recently been completed. The World Bank has provided inputs into the 2010 HIES, both in the form of technical assistance and financial support.

Characteristics of the 2010 HIES

- **Sampling:** The 2010 HIES consists of 16 strata – of which 6 are urban, 6 are rural, and 4 are Statistical Metropolitan Areas (SMAs). The total number of Primary Sampling Units (PSU) is 612 – 392 rural and 220 urban. The selected PSUs were further sub-sampled, and 20 households were selected from each PSU, for a total sample size is 12240 households. Of these, 7840 are rural households while 4400 are in urban areas.
- **Period:** The survey was duly completed without interruption in one year (February 1, 2010, to January 31, 2011). Data was collected over a year to capture the seasonal variations in income, expenditure, and consumption patterns. The one-year period was divided into 18 terms. A total of 34 PSUs were covered in each term, to collect data from 680 sample households.
- **Modules:** The 2010 HIES consists of nine major modules, covering various aspects of household activities and characteristics. The 2010 HIES saw the introduction of four new sub-modules – to gather information on: (i) Microcredit; (ii) Disability; (iii) Migration and Remittance; (iv) and Crisis Management (Shocks and Coping). Besides, the Social Safety Net module, introduced in 2005, was redesigned and somewhat shortened. This reflects several rounds of technical discussions on questionnaire design and content.



Poverty Estimation Methodology using the 2010 HIES Data



Using the HIES, it is possible to estimate poverty rates (as well as other socio-economic characteristics) that are **representative** at the National and Division levels.

The **official methodology** is based on the Cost of Basic Needs Method. The Food Poverty Line was estimated as the cost of acquiring a basic food basket corresponding to 2122 k. cal. per capita per day. A Non-Food Poverty Line was calculated by estimating the cost of consuming non-food goods by the households close to the food poverty line. The upper poverty line corresponds to the moderately poor households whose food expenditure is at

the level of the Food Poverty Line. The lower poverty line corresponds to the extreme poor households whose total expenditures are equal to the food poverty line.

Over the past few months, the BBS has been working on **several options** to prepare updated poverty estimates from the 2010 HIES data. The World Bank has provided advisory services for this exercise.

Based on several rounds of technical discussions, the following was the **preferred option**, recommended by the Technical Committee meeting on April 21, 2011.

- Update Food Poverty Line using food price inflation rates calculated from unit values of the 2005 HIES and the 2010 HIES data.
- Re-estimate Nonfood Poverty Line using the 2010 HIES data, in order to adjust to the changes in the nonfood / food ratios.

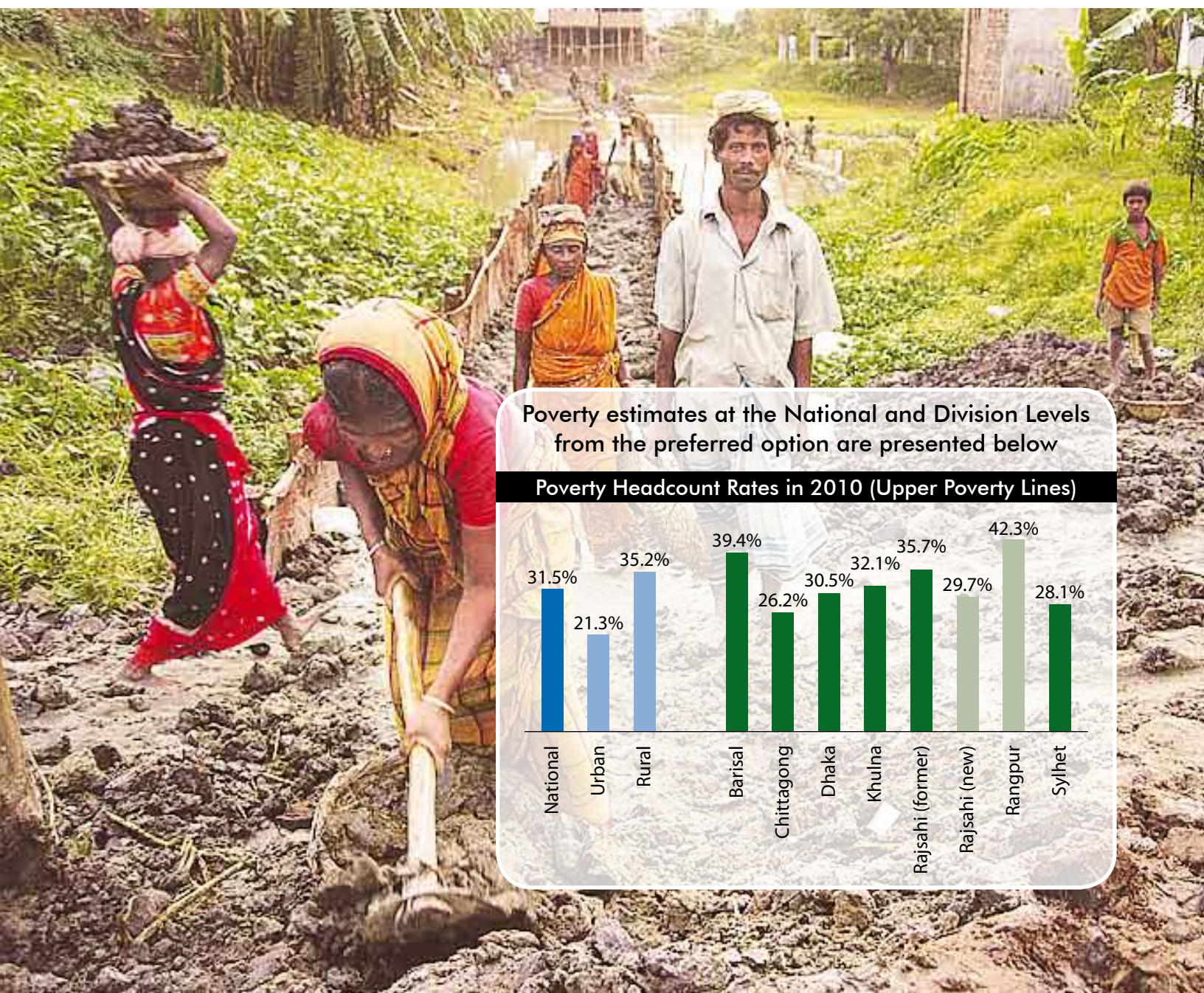
The following was the **rationale** behind the recommended option.

- Based on analysis of the 2005 and 2010 HIES data, the assumption of constant nonfood-food ratios which underlies the official methodology does not appear to hold (especially once we control for inflation).
- Sudden increases in nonfood-food ratios might occur because nonfood CPIs cannot vary beyond urban and rural areas (since only rural and urban breakdown of nonfood CPI are available).
- It might be reasonable to expect responses to changes in nonfood-food ratios.

Results of Poverty Estimation from 2010 HIES

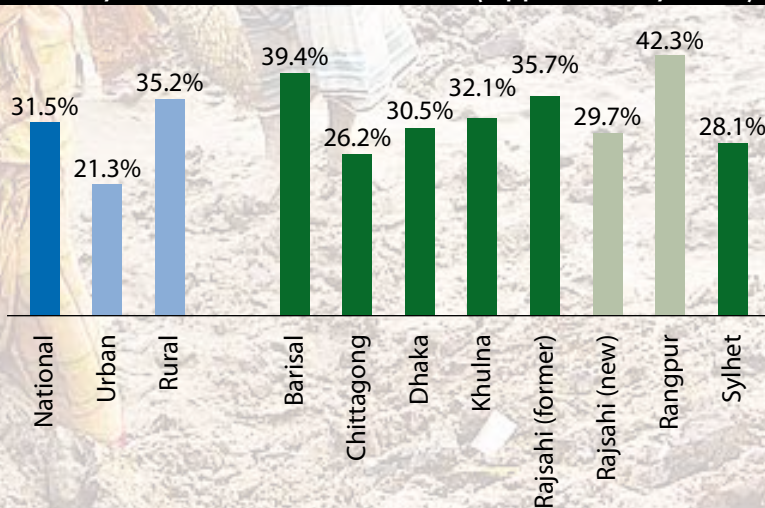
Results from the 2010 HIES, using the preferred option, show significant declines in poverty since 2005.

Poverty Head Count Rate (%) from 2010 and 2005 HIES				
Residence	Upper Poverty Line		Lower Poverty Line	
	2010	2005	2010	2005
National	31.5	40.0	17.6	25.1
Rural	35.2	43.8	21.1	28.6
Urban	21.3	28.4	7.7	14.6



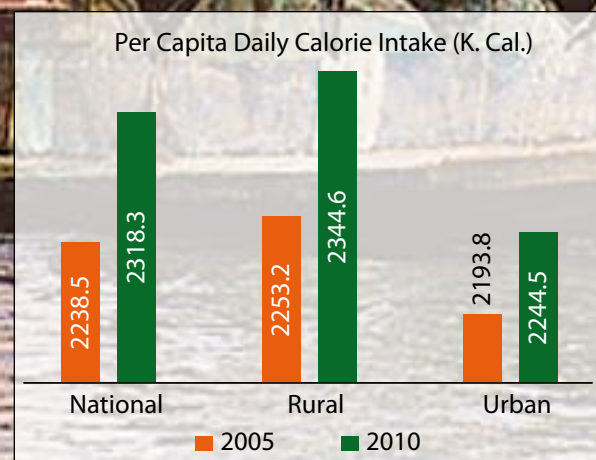
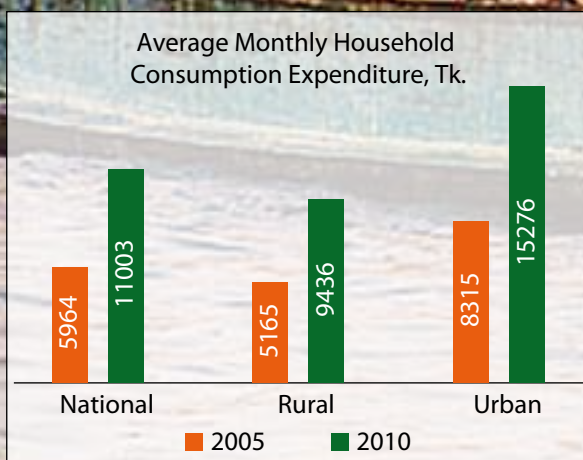
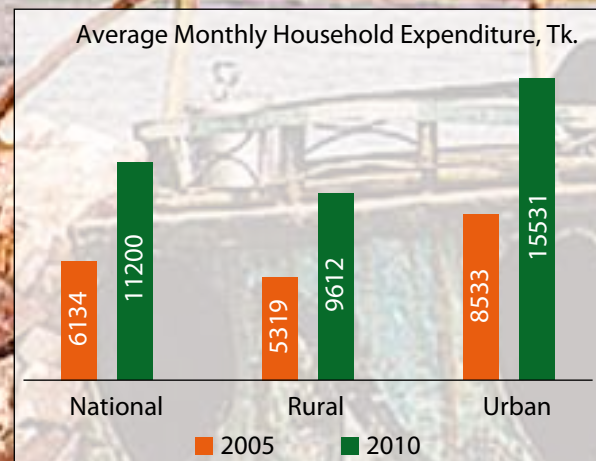
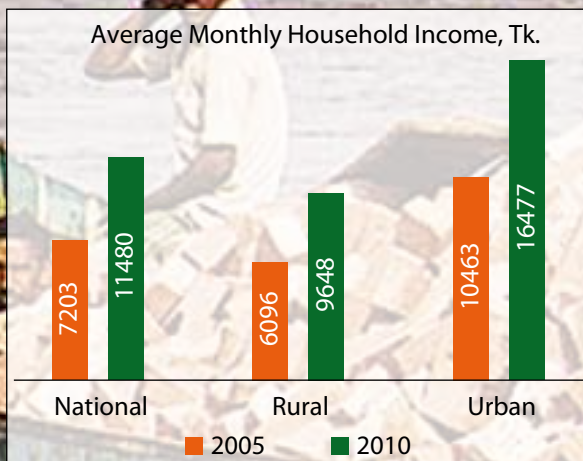
Poverty estimates at the National and Division Levels from the preferred option are presented below

Poverty Headcount Rates in 2010 (Upper Poverty Lines)



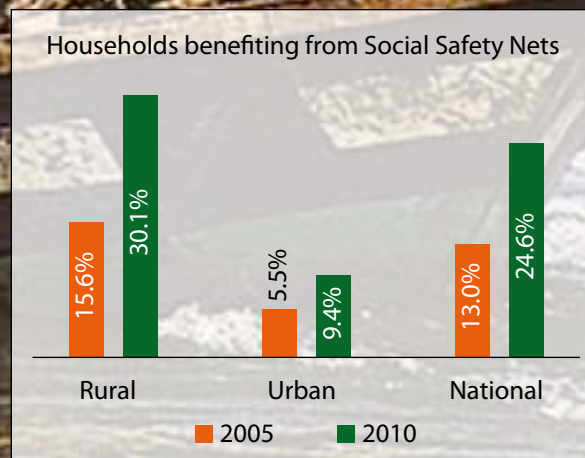
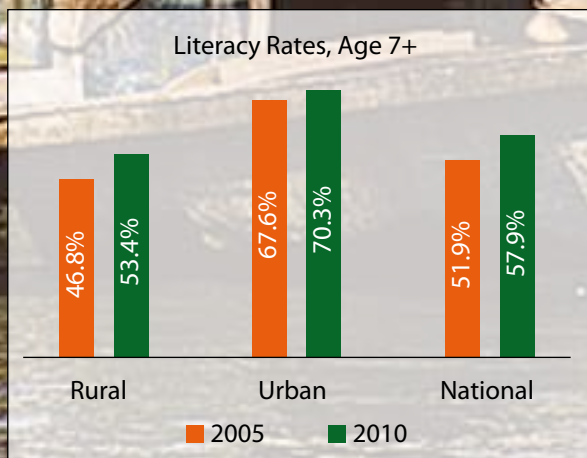
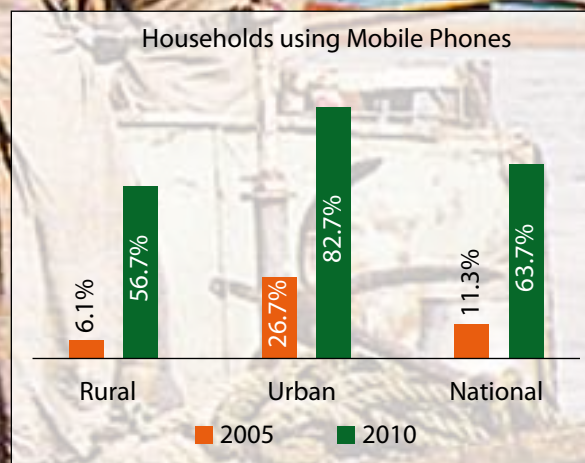
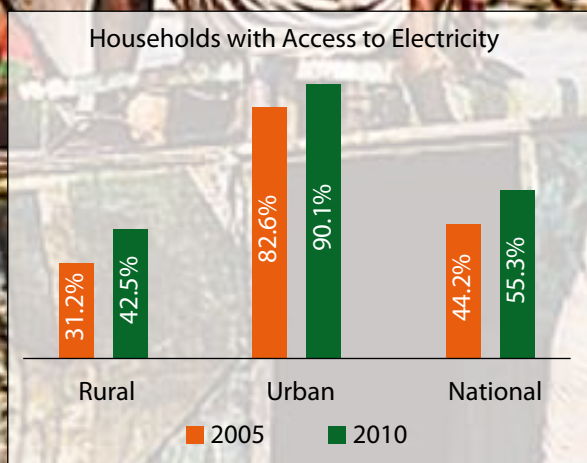
Supporting Findings from Data

Macroeconomic data, shows that real GDP in Bangladesh has grown at an estimated rate of over 6 percent during 2005/06–2009/10. Estimates of household income, expenditure and food intake from the HIES show significant improvements during 2005–10. These data are consistent with a significant decline in poverty rates.



Supporting Findings from Data

Data on various indicators of living standards and welfare also show improvement during 2005–10, corresponding to the decline in poverty. The data also shows an increase in the coverage of social safety net programmes, which may be a factor contributing to the decline in poverty.



Areas for Further Analysis from New Sub-Modules

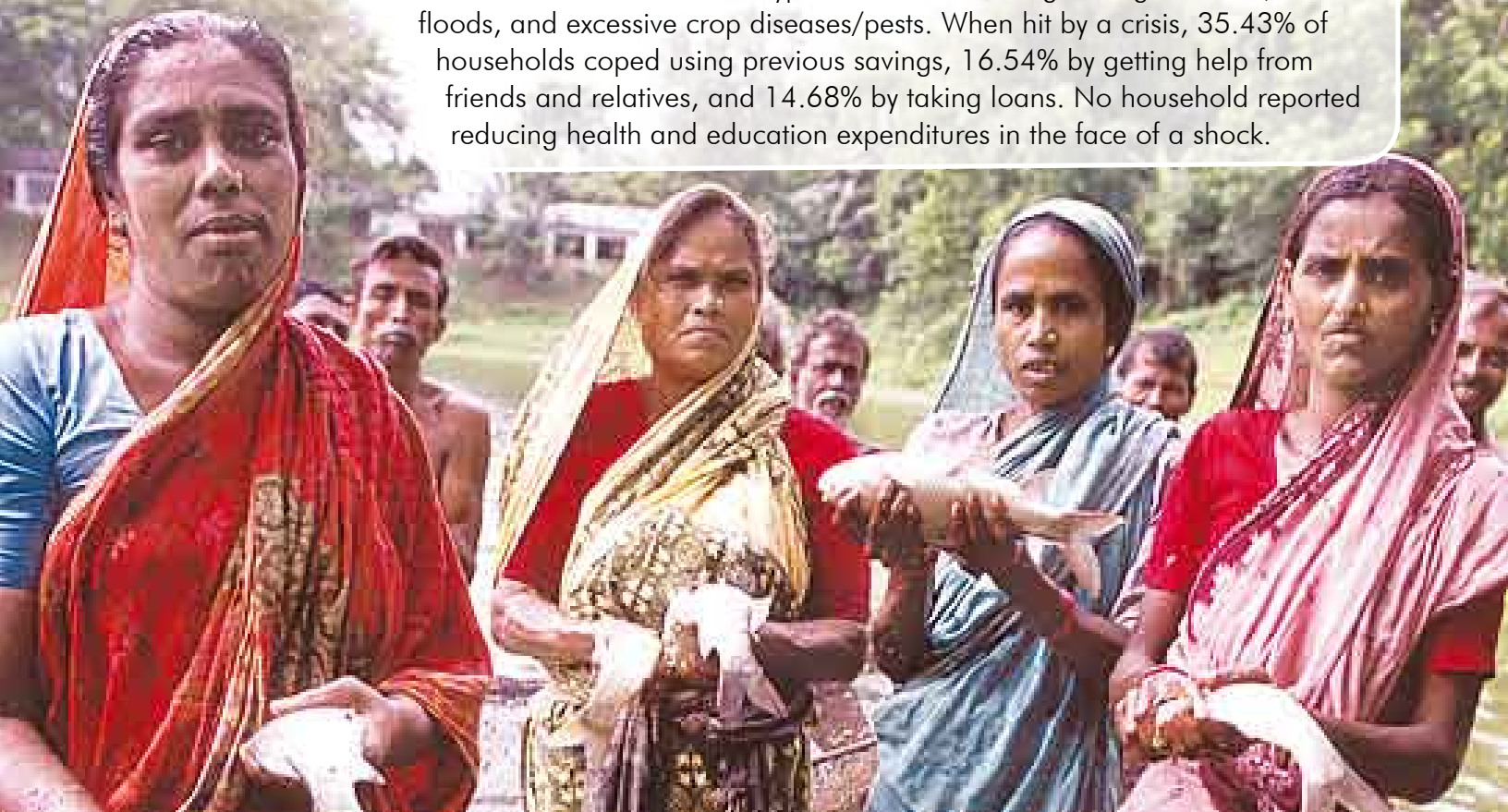
Data from the new sub-modules of the 2010 HIES show some preliminary interesting results. These data will be further analyzed to inform policy decisions.

Disability: The net percentage of population suffering from any type of disability is about 9.07% - 9.63% in rural and 7.49% in urban areas. The most common disability is reported to be some difficulty related to eyesight.

Migration and Remittances: About 12.28% of the 2010 HIES households reported any kind of migration either within the country (8.60%) or abroad (3.97%). Most migrants are in the 25–44 age-group, and are overwhelmingly male. The average amount of remittance is 151.89 thousand taka per recipient household.

Microcredit: In the 2010 HIES, 32.03% of the households reported receiving loans from financial or non-financial institutions, friends, money lenders, etc. during the last twelve months preceding the day of enumeration. The proportion is higher in rural areas (35.08%) than in urban areas (23.70%). The key sources of loans are Grameen Bank (21.11%), ASA (18.37%), and other NGOs (14.29%). The primary reasons for taking loans are Business (23.73%), followed by Agriculture (21.09%). The average amount of loan taken per reporting household is Tk. 28,062 at the national level, while it is Tk. 21,804 in rural areas and Tk. 54,122 in urban areas.

Crisis and Crisis Management: Only 0.84% of the 2010 HIES households faced any kind of crisis during the last 12 months preceding enumeration - 0.30% in urban areas and 1.03% in rural areas. The most common types of crisis are drought/irregular rains, floods, and excessive crop diseases/pests. When hit by a crisis, 35.43% of households coped using previous savings, 16.54% by getting help from friends and relatives, and 14.68% by taking loans. No household reported reducing health and education expenditures in the face of a shock.



The 2010 HIES: A Success Story of BBS–Bank Collaboration

There has been a long history of fruitful collaboration between the Bangladesh Bureau of Statistics and the World Bank. Bangladesh is making impressive progress in enhancing statistical capacity, and is pushing the results agenda. The Bank team's strategy is to help improve data availability, enhance in-house capacity, and develop the foundations of a results framework. For the 2010 HIES, the World Bank arranged financial support for the capacity building of the BBS, and remained engaged throughout the survey in advising on data entry, processing, and analysis.

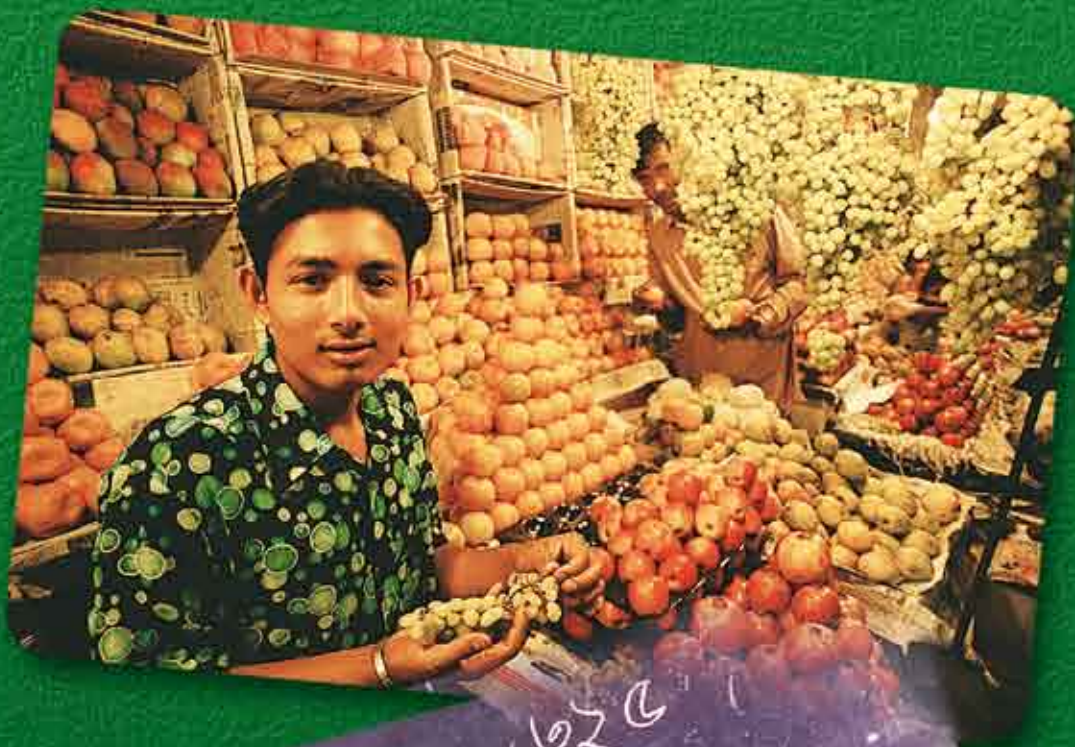


- Training to BBS officials was provided overseas, as well as through consultants in Dhaka. This resulted in **enhanced capacity** for poverty measurement and estimation, software development, and data processing.
- Intensive **field testing** carried out by the BBS team prior to fielding the actual survey enabled smooth and speedy data collection by enumerators. Stringent quality control and supervision measures were adopted to ensure reliability of data.
- The BBS made innovative use of the **internet** for speedy data entry and processing, which minimized the time lag between the completion of data collection and the initiation of statistical analysis. The data were substantially cleaned and validated right at the field level, using laptop computers that were provided to interviewers. The entered data were sent to the headquarter office through a specially arranged e-mail system, for further checks and validation.
- The entire process was built around **extensive consultations** with technical experts in Bangladesh. Starting with the design of questionnaire, up to the estimation of poverty numbers – there were several rounds of meetings with the Technical Committee members, who provided advice and guidance on the survey and analysis.



Proposed Next Steps

- **Poverty Analysis:** There is significant potential to use the 2010 HIES data to undertake analysis of different dimensions of poverty and welfare. The Government of Bangladesh encourages stakeholders to use the data along with the BBS, to suggest policy interventions that can improve living conditions in the country. In response, the World Bank plans to prepare a new Poverty Assessment, in close collaboration with the BBS and other government counterparts, as well as with a wide variety of stakeholders.
- **High Frequency Poverty Data:** The World Bank is working with the government to prepare a Statistical Capacity Building project, under which national strategy will be prepared and implemented, as a basis for strengthening the statistical system of Bangladesh. Following a felt need for more frequent poverty data than available from quinquennial rounds of the HIES, the World Bank and the BBS are working on an innovative method to produce high frequency poverty data. This will combine poverty mapping techniques with smaller surveys (like the Welfare Monitoring Surveys) to produce annual poverty estimates at the national, rural, and urban levels. This will enable better monitoring of the impacts of policy decisions.
- **Capacity Enhancement:** In creating the 2005 poverty maps, BBS officials were provided hands-on training in Small Area Estimation Techniques, and various validation methods. For the HIES 2010, intensive training was provided on data processing and analysis. The World Bank hopes to provide further technical support to the BBS as they undertake data collection for the 2011 Population Census, as further analysis of the 2010 HIES is undertaken, and as poverty maps are updated.
- **Poverty Mapping:** The World Bank and the World Food Programme have provided technical assistance for the development of Upazila-level poverty maps for 2005, using the 2001 Population Census and the 2005 HIES. The BBS proposes to work on updating the 2005 poverty maps, using the 2010 HIES with the 2011 Census data, once it becomes available. The BBS is open to collaboration with donors who are interested in supporting this agenda.



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