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***Urban poverty in Bangladesh: causes,
consequences, and coping strategies***

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Brooks World Poverty Institute
ISBN : 978-1-907247-77-4

October 2012

BWPI Working Paper 178

Creating and sharing knowledge to help end poverty

www.manchester.ac.uk/bwpi

Abstract

Bustees are places where physical, social, economic and political vulnerabilities collide, creating a multi-layered blanket of vulnerability for their residents. Although income is central to day-to-day survival in an urban environment in which cash income is needed to meet a household's basic needs, work options are limited to low-paid and irregular work, primarily dependent on physical labour. This forces households to rely upon loans and labour mobilisation strategies to get by. Unsanitary, poorly serviced, and densely populated environments – frequently situated in environmentally hazardous areas – mean ill health is both endemic and chronic, playing a routine and devastating role in the lives of the urban poor. The repercussions of resource scarcity at the household level are compounded by the social and political exclusion of the poor from urban governance structures and processes. Amidst a lack of formal institutional support, and in the absence of formal rights and entitlements, the process of facilitating and maintaining patron–client relationships is a central coping strategy for the urban poor. It is a means of trying to manage uncertainty and improve their access to resources. For the majority, however, these strategies are limited to helping households to cope, rather than advancing their interests. Informal systems of governance at the *bustee* level reproduce and exacerbate existing inequalities, with access to power, information, resources, employment and other lucrative income-generating opportunities limited to a close circle of well-connected *bustee* households.

Keywords: urban poverty, inequality, Bangladesh

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Acknowledgements:

This paper has been prepared as a background paper for the Poverty and Climate Change in Urban Bangladesh (ClimUrb) project. Primary data here come mainly from the author's PhD fieldwork. A ClimUrb fieldwork trip in September 2012 shed new light on some of the issues discussed here. The author would also like to thank participants at the two Working Dialogues held in Dhaka and Chittagong in September 2012, whose discussions also helped to shape and refine the arguments presented here.

List of abbreviations

BBS	Bangladesh Bureau of Statistics
BOSC	<i>Bustee Basheer Odikhar Surikha Commitee</i> (Slumdweller's Rights Protection Committee)
CBN	Cost of basic needs
CBO	Community-based organisation
CUP	Coalition for the Urban Poor
CUS	Centre for Urban Studies
CDC	Community Development Committee
DCI	Direct calorie intake
DWASA	Dhaka Water Supply Authority
HIES	Household Income and Expenditure Survey
NBUS	<i>Nagar Busteebasheer Unnayon Shangstad</i> (Urban Slum Dweller's Development Agency)
NDBUS	<i>Nagar Doridra Busteebasheer Unnayon Shangstad</i> (Urban Poor Slum Dweller's Development Agency)
NGO	Non-governmental organisation
LFS	Labour Force Survey
UHS	Urban Health Survey

1. Introduction

All too often, narratives of urban poverty in Bangladesh describe its characteristics, painting destructive pictures that prolong negative public and official perceptions of urban poverty and prevent greater action and commitment to the urban poor. They present images of squalid living conditions in dirty and unhygienic ‘slums’,¹ where residents are exposed to high under- and unemployment and many are engaged in social disorders, such as crime, violence, drug addiction, gambling and prostitution. While urbanisation is changing the face of poverty in Bangladesh, this – and the inadequate attention paid to the urban poor in policy, practice and research (Banks et al. 2011) – limits the depth of understanding of its causes and consequences, as well as the coping strategies households deploy.

The opportunities and obstacles facing low-income urban households as they struggle to secure their livelihoods are shaped by multiple social, economic and political processes and institutions. Close linkages between the causes and consequences of urban poverty – in some cases making them inseparable – highlight its multi-dimensional nature and the implications of this with regards to the limitations of narrow sectoral approaches to urban poverty reduction.

Drawing upon existing research and new data from a survey of four *bustees* in Dhaka, this paper provides the most comprehensive review of urban poverty in Bangladesh to date. It reveals new insights into the strategies that low-income urban households pursue in a context of scarce resources and hostile conditions.² While it covers the literature on all of Bangladesh’s urban areas, it is important to note that this, mirroring the available literature, is subject to a big city bias centred on Dhaka, Bangladesh’s capital city.

¹ To avoid these negative connotations of the word ‘slum’, throughout the paper the author uses the Bangla translation, *bustee*, to refer to low-income informal settlements, a term used by the residents of these communities, *busteebashees*, themselves.

² The research’s scope here is limited by the breadth of existing datasets and literature on urban poverty in Bangladesh, the majority of which is subject to a ‘big city bias’ centred around Dhaka (Bangladesh’s capital city), which amidst rapidly changing circumstances may be quickly outdated. There are, however, growing research outputs on urban poverty in the secondary cities of Khulna and Chittagong, including from the Brooks World Poverty Institute’s Poverty and Climate Change in Urban Bangladesh (ClimUrb) programme. Unless otherwise stated, empirical findings here are based upon fieldwork carried out between September 2008 and June 2009 for the author’s PhD fieldwork. Banks (2010; 2012) gives a detailed overview of this research, which comprised a survey of 420 households across four *bustees* in central and peripheral Dhaka, and a further 77 in-depth interviews comparing experiences and vulnerabilities across ‘coping’ and ‘improving’ households headed by unskilled labourers, small businessmen and formal sector/skilled workers, in order to explore the linkages between employment and mobility among the urban poor in Dhaka.

2. Urban poverty in Bangladesh

Bangladesh's rapid urbanisation began in the 1980s, a process initially driven by rural poverty and hardship rather than industrialised labour market opportunities (Lewis 2011).³ Urban population growth has remained consistently above the national population growth rate, increasing by six percent per annum from the mid-1960s to mid-1990s and continuing to grow at 3.5 percent annually (Islam et al 1997; CUS et al 2006). By 2004, the level of urbanisation in Bangladesh had reached 25 percent. With growth expected to continue at high rates, the entire country is estimated to become an 'urbanised country' in terms of population density within three to four decades (Islam 2006). Its capital city, Dhaka, has seen the lion's share of urban growth and development, and by 2001 had taken its place in the top ten of the world's 'Megacities' (Lewis 2011). Recent population projections suggest it will rise to the position of 'Metacity' – with population over 20 million – by 2020 (UN-Habitat 2007), magnifying the social and economic problems created by unplanned growth (Rahman 2011).

Alongside Dhaka, Bangladesh's nine other largest cities are denominated as city corporations and governed by their own municipal authorities.⁴ A further 305 smaller municipalities, or *pourashavas*, are also classified as urban areas (Islam et al. 2007). The coastal port city of Chittagong has joined Dhaka amongst the world's fastest growing cities, and in 2005, these two city corporations together held 86 percent of the country's urban population and 90 percent of the country's slum population (Figures from CUS et al 2006).⁵ Subsequently, urbanisation is changing the dynamics of poverty in Bangladesh, with the tipping point at which Bangladesh's poor population becomes predominantly urban expected to occur within this generation (Banks et al. 2011). Urban poverty has become a distinctive and unrelenting feature of urban life in Bangladesh, with reports highlighting that the human development situation in urban areas is either stagnating or actively deteriorating (World Bank 2007).

Urban poverty measurements have been subject to serious questions of representation,⁶ with urban poverty estimates varying markedly by methods (Ravallion and Sen 1996). While official measurements from the Bangladesh

³ The net migration rate (migrants per 1,000 of the population) increased dramatically from 1.2 to 16.4 in urban areas between 1984 and 1998 (Rayhan and Grote 2007).

⁴ Dhaka has recently been split in two to become governed by two separate city corporations, Dhaka South and Dhaka North. Four other cities have been raised to city corporation, with the other city corporations being: Chittagong, Khulna, Rajshahi, Sylhet, Barisal, Rangpur, Comilla, Narayanganj and Gazipur. This means that the following statistic, from Islam et al. (2007) has been adjusted for the four *pourashavas* that have become city corporations.

⁵ <http://www.telegraph.co.uk/travel/picturegalleries/6189897/The-worlds-fastest-growing-cities.html>, accessed 31 July 2012.

⁶ Satterthwaite (2004) gives a comprehensive analysis of the reasons that urban poverty tends to be underestimated in low- and middle-class countries, given the use of inappropriate measurements in poverty lines, particularly in determining allowances needed by urban households to meet non-food essentials.

Bureau of Statistics (BBS) are based on a Cost of Basic Needs (CBN) approach, failing to break down prices across rural and urban areas undermines claims that its poverty lines are representative of both (DuBois 1997; Narayan et al. 2007).⁷ This becomes apparent when comparing results with those of a 'Direct Calorie Intake' (DCI) approach. Both using 2000 Household Income and Expenditure Survey (HIES) data, official poverty head counts of 36.6 and 53 percent of urban and rural populations are far removed from DCI estimates that 52.5 and 42.3 percent of urban and rural households live in poverty (LCG 2010). Amidst measurement issues, however, lies the indisputable fact that urbanisation has been accompanied by rapid increases in the absolute number of the urban poor (LCG 2010; Rahman 2011b).

Bangladesh's urban poor have remained largely 'statistically invisible' (Rahman 2011b),⁸ with the size, diversity and rapidly changing nature of the urban environment also making it difficult to generate representative pictures of the urban poor (Garrett and Downen 2001). A Slum Census and Mapping carried out in 2005 greatly advanced knowledge of the scale and conditions of urban poverty, producing a database of locations, population sizes, and characteristics of *bustees* across Bangladesh's six city corporations, varying enormously within and across cities (Table 1).

While most *bustees* (62.5 percent) are small, larger cities have fewer and much larger settlements (Angeles et al. 2009). Three percent of *bustees* in Dhaka account for over half of the city's total *bustee* population, while almost two-thirds of settlements hold only 10 percent of the *bustee* population (Angeles et al. 2009). The proliferation and expansion of *bustees* is often attributed to rural-to-

⁷ CBN methods used a fixed food bundle, consisting of 11 key items, to set poverty lines across Bangladesh's 15 geographic areas. While this aims to control for differences in purchasing power over basic consumption needs, this must adequately reflect both regional *and* urban-rural price variation to result in representative and comparable poverty lines.

⁸ Low-income settlements are not recognised in local and national planning and zoning arrangements, nor given addresses or other forms of formal recognition that have been used as the basis for statistical inclusion in Bangladesh. This has led to the lack of sampling frames of low-income settlements necessary to conduct representative research across *bustee* settlements (Angeles et al. 2009; Rahman 2011b). Furthermore, researchers may shy away from research into urban poverty, with the mobility and anonymity of low-income urban residents posing a potential threat to economists and quantitative analysts trying to advance their careers through the problem of sample attrition (Banks et al. 2011).

Table 1. Basic characteristics of low-income settlements in Bangladesh

City Corporation	City population (estimate)	Slum population (people)	Slum population (% of total population)	Number of slums	Slum population density (persons per km ²)	Non-slum density (persons per km ²)
Dhaka	9,136,182	3,420,521	37.4	4,966	220,246	19,677
Chittagong	4,133,014	1,465,028	35.4	1,814	255,100	15,543
Khulna	966,837	188,442	19.5	520	132,988	16,884
Rajshahi	489,514	156,793	32.0	641	67,236	6,796
Barisal	365,059	109,705	30.1	351	133,730	5,084
Sylhet	356,440	97,676	27.4	756	154,741	9,630

Source: Angeles et al. 2009

urban migration,⁹ a complex and multi-dimensional process (Afsar 1999).¹⁰ Estimates suggest that 300,000 to 400,000 new migrants leave their rural homesteads annually, heading for Dhaka (World Bank 2007), pulled towards the country's heart in search of economic opportunity, as well as pushed from rural areas due to poverty and natural disaster. These fears have helped fuel the 'anti-urban poor' stance displayed by all governments since Independence (Islam et al. 2007; Banks et al. 2011).¹¹ These beliefs also underlie assumptions that *bustees* are a temporary phenomenon and that rural areas are the 'legitimate' home of the poor, overlooking the permanent status of the majority (Rashid 2009; Banks et al. 2011). Only one in five households in one Dhaka survey had lived in the city for less than five years, staying on average for 17.41 years (Hossain 2011).¹²

The urbanisation of poverty has important policy implications. But what does this mean in terms of lived realities at the local level? As the following sections discuss, while persistent economic vulnerabilities are central constraints on urban livelihoods, broader social and political influences also have profound effects on

⁹ From the mid-1970s, however, reclassification of urban areas accounted for a large proportion of urban growth. The designation of new urban areas accounted for only eight percent of the total urban population between 1961 and 1974, increasing to one-third between 1974 and 1981 (Afsar 1999). Given the current size of urban populations, natural growth is also a large driver of urban population growth. From 1981 to 1991, 20 percent of urban growth was attributed to reclassification of urban areas, 35 percent to natural growth, and 45 percent to rural-urban migration (Afsar 1999).

¹⁰ 'Rural' and 'urban' may be discrete geographical categorisations, but the distinction between the rural and urban poor is less so, and policy and poverty reduction strategies must move from thinking about a rural-urban divide to a rural-urban continuum in which rural-urban linkages are critical (LCG 2010; Banks et al. 2011; Rahman 2011b). With migration following social channels and networks (Opel 2000), many migrants retain close linkages to their rural villages, with migration becoming a fluid and dynamic process rather than a one-off phenomenon of a permanent nature (Afsar 1999; Banks et al. 2011).

¹¹ One survey of slum-dwellers in the Mohammadpur area of Dhaka suggests push factors dominate, finding just over half of household heads migrating to Dhaka due to limited livelihoods options, increasing to 67 percent when taking into account forced departure due to loss of land or flooding (Opel 2000). Migration as a last resort in this manner means most migrants are unable to bring financial capital for investment in the urban labour market (Opel 2000). After flooding, Rayhan and Grote (2007) find that poor rural households use migration as a strategy for debt avoidance, having no means through which to manage labour market disruptions, price fluctuations and consumption deficiencies in the village after crisis. That the second and third income quintiles constitute the majority of migrants indicates that the poorest households are unable to use this strategy, a consequence of its high costs and their limited social connections in destination cities (Rayhan and Grote 2007). Likewise, Brouwer et al. (2007) highlight community-level disparities which mean that rural households with lower incomes and fewer natural assets face higher exposure to the risk of flooding (e.g. closer proximity to the river). This means that individually vulnerable households are also collectively more vulnerable, with fewer coping mechanisms for coping with flooding. While voluntary migrants tend to move to Dhaka or larger urban centres, natural hazard-induced displacees tend to stay in smaller towns closer to their rural origins, as they cannot afford to move to larger urban centres, are uncertain of urban environments, do not want to lose their existing social networks, and hope they can return to their land and livelihoods after the hazard has passed (Hutton and Haque 2004).

¹² The majority (27 percent) had lived in Dhaka for between 11 and 20 years, and a further 20 percent had lived in the city for over 30 years (Hossain 2011).

the urban poor in Bangladesh. The following sections break down the many dimensions of urban poverty in terms of employment, living environments, health, and social exclusion. These many faces of urban poverty leave households vulnerable in their day-to-day livelihoods, as well as to stresses and shocks, and within their limited resources, households deploy a number of coping strategies to provide stability in the face of the multiple layers of cause and consequence in urban poverty.

3. Economic livelihoods: opportunities, obstacles and coping strategies amidst insecure livelihoods.

A dependence on cash incomes to meet all of their basic needs means that money does indeed make the world go round for the urban poor, putting employment at the heart of livelihoods and strategies for survival and improvement.¹³ Multiple challenges to their entry into the labour market add sometimes insurmountable dimensions to their vulnerability, with obstacles to better employment not only agency-related – given low skills levels,¹⁴ qualifications and experience, limited capital and poor health – but also structural, weaved into a hostile labour market characterised by oversaturated markets and intense competition, low wage rates, difficult and unhealthy working conditions, work irregularity and the mediation of the labour market by intermediaries (Wood and Salway 2000; Opel 2000; Garrett 2004; Hossain 2005; Banks 2012). Unemployment rates may be relatively low, given the necessity of work for survival, but this masks the huge problems of underemployment and seasonal fluctuations facing the droves of low-income urban workers seeking livelihoods through unskilled labour, common across large and secondary cities (Garrett and Downen 2001).

Bangladesh Bureau of Statistic's (BBS) Labour Force Surveys (LFS) provides a snapshot of key urban labour market characteristics, which has grown rapidly and largely informally. The 2000 LFS highlights Dhaka's labour market growth as twice as fast as that across the country and heavily skewed to services (World Bank 2007).¹⁵ The 2005 LFS reveals tremendously high levels of informality, finding 88 percent of all workers to be employed informally across the country,¹⁶ subject to low wages, minimal benefits and high levels of job insecurity (Maligalig

¹³ One study in Dhaka reveals that close to 90 percent of household income is derived from salaries or self-employed income of workers, highlighting the reliance on employment to support the household (Salway et al. 2003).

¹⁴ Low skills also extend to irrelevant skills, particularly among recent migrants who have so far been sustaining their livelihoods through agricultural-related skills, which become redundant on arrival in the city when these jobs are not available. See Roy, Jahan and Hulme (2012) for examples in Khulna.

¹⁵ Two-thirds of Dhaka's population found employment in the service sector, in comparison to 25 percent of the labour force nationwide (World Bank 2007).

¹⁶ Reaching up to 92 percent in rural areas (Maligalig et al. 2009).

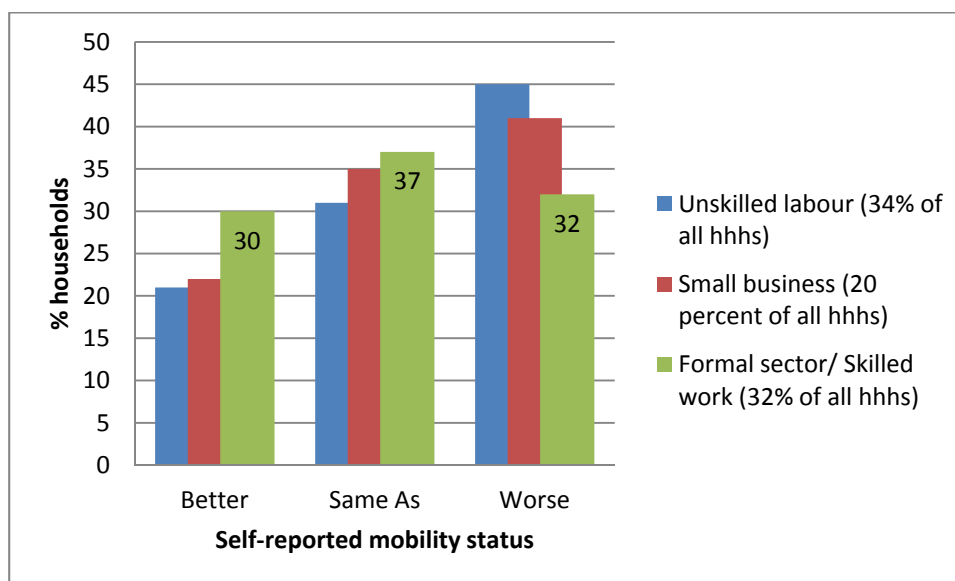
et al. 2009). The strong focus placed on garments and microcredit as major focal points for urban interventions has overlooked the importance of this informality to the urban economy (Ward et al. 2004).

Unskilled labour – predominantly rickshaw-pulling and construction day labour – is the dominant employer of the urban poor, with one in three household heads finding employment in this sector (Banks 2010). One in five low-income households is supported primarily by small business, with formal sector and skilled work constituting the third broad employment category accessible to the urban poor.

Although seen as more desirable, focus groups also view these jobs as inaccessible, estimating that only 10 percent of *busteebashees* can find these 'service holder' jobs.¹⁷ These are held disproportionately by household heads, with just under one-third of household heads employed in this sector. Urban livelihoods in Bangladesh can be distinguished by these occupational categories in terms of security, stability and prospects for advancement (Pryer 2003; Banks 2010; Zingel et al. 2011). While no sector provides a guarantee of mobility, cross-sectoral differences correlate with the perceived desirability of different jobs (Figure 1). Formal sector jobs, viewed most prestigiously by focus groups, are also those that increase a household's likelihood of economic mobility. In contrast, unskilled labour – viewed as the last resort amidst a lack of alternatives – offers limited opportunities for mobility and the greatest likelihood of household deterioration over time.

¹⁷ 'Service holder' is the term used to denote the work done by those in formal sector jobs, such as security guards, office jobs, garments work and so on. Importantly, however, these are rarely formalised in contract. While a lucky, well-connected minority benefit from secure permanent contracts, most remain in these positions with insecure and temporary agreements.

Figure 1. Self-reported economic mobility status by employment category¹⁸



Source: Banks, 2012.

3.1 Unskilled labour

With many lacking skills and qualifications, unskilled labour dominates employment opportunities for the urban poor. This illustrates the limited barriers to entry into this sector, which requires only a reference to access a rickshaw garage or to make connections with contractors for accessing regular work.¹⁹ The brightly-coloured rickshaws plying Bangladesh’s city streets are the easiest work option on arrival in the city, employing 80 percent of new migrants (Begum and Sen 2005). Heavy construction and development work across the city also requires large volumes of all forms of labour, from digging and brick-breaking to skilled carpentry and plumbing work, amongst others.

¹⁸ This is based on a survey of 420 households across four *bustee* households in Dhaka. The research utilised a subjective measure of wellbeing, with the questionnaire (see Banks 2010) asking households how their household was, in comparison with five years ago, categorising answers as ‘better’, ‘the same’, or ‘worse than’. A fourth category of mobility status was possible – ‘Don’t know’ – but this is not reported here as response was minimal – only six households reported this. Households headed by an unemployed household head (14 percent) are not reported here.

¹⁹ Potential rickshaw-pullers require a connection with a garage-owner to rent a rickshaw, with garage-owners fearing that inexperienced rickshaw-pullers may damage or destroy their rickshaws, or that unknown pullers will sell their rickshaw and claim it stolen. Labour contractors, too, prefer recruiting day labourers through labour brokers, or *sardars*, to guarantee that those recruited for a particular contract see out the full duration of the contract. This is advantageous for day labourers as well, who receive more regular work without having to go each day to the local labour market, which offers no guarantee of work. Establishing these relationships also helps them to avoid exploitation by dishonest contractors. Some contractors only paid a portion of their workers’ daily salaries, withholding the remainder of payment until the contract’s end to avoid workers leaving early, causing problems for household management. Where low-income workers lack the necessary social networks, they can use a financial bond to act as a guarantee or security, but this prices out many low-income workers (Opel 2000; Banks 2012).

Although the daily income provided by unskilled labour makes it easier for labourers to balance incomes and expenditures, unskilled labour provides few other benefits. Low incomes and work irregularity provide little scope for household advancement through generating uncertainty, risk, and income fluctuations. Many day labourers secure only 10 to 15 days' work each month, given a lack of work availability, bad weather, health shocks, seasonal disruptions and more periodic barriers, such as *hartals* (strikes) called by the opposition (Garrett 2004; Banks 2010). That only seven percent of households in Dhaka are headed by day labourers illustrates that these conditions prohibit it as a viable form of employment for a household's core economic support (Banks 2010). While rickshaw-pullers can work flexibly and regularly, according to their needs and abilities, physical exertion dampens long-term prospects for mobility in a context of poverty and malnutrition, with multiple health shocks driving a deterioration of economic and social indicators with age and the length of time in the occupation (Begum and Sen 2005).

Both livelihood options are also subject to major seasonal disruptions, with unskilled labourers facing – where work is available – gruelling conditions throughout the rainy season and the hottest part of the year that reduce the hours they can work. Day labour grinds to a halt throughout rainy season, when construction stops, increasing demand for rickshaw-pulling, the closest substitute. An increased prevalence of illness and fever during rainy season also forces rickshaw-pullers to reduce their working hours.²⁰ As male rickshaw-pullers explained:

We rely on taking goods on credit in rainy season or by borrowing money, usually on interest. After that, when the good times come, we have to earn double our usual incomes so we can repay debts and loans. Otherwise, we have to take even more loans just to repay them.

The financial coping strategies used in the face of great strains during rainy season, therefore, create further obstacles for the household, even when rains stop. Other coping strategies involve reducing food intake by up to 50 percent, having severe repercussions on the household's health and nutrition, as well as the working ability of those dependent on physical labour (Goudet et al 2011). While these shaky foundations restrict household mobility, focus groups emphasised the barriers preventing them from pursuing alternative employment options, given their lack of capital, skills, qualifications and social connections.

²⁰ 'Working under heavy rain' is the main driver of poor health and an inability to work throughout rainy season. Rickshaw-pullers try to prevent illness by not working in torrential rains, but this strategy is limited in time-frame, because households require a minimum income to meet food, rent and loan obligations. At some point, these costs force rickshaw-pullers to work in adverse conditions, making it nearly impossible for most rickshaw-pullers to avoid becoming ill and losing even more time to work. Although rickshaw fares are slightly higher throughout rainy season, this is not enough to make up for lost incomes.

3.2 Small business

“If you have capital, starting a business is the first priority”, one focus group explained, highlighting the enthusiasm for small business, which offers greater prestige as well as not being dependent on physical labour. Barriers to accumulating *mokom*, or capital, prevent most from pursuing this dream, however, given their difficulties accumulating savings when supported by irregular and insecure work. While perceptions of small business confirm assumptions that microcredit and small business development are suitable interventions for urban poverty reduction at first glance,²¹ this requires a deeper understanding of the realities of small business in a context of severe overcrowding of high turnover, low returns petty trading (Wood and Salway 2000). Small businesses vary considerably in size and profitability, which highlights the dangerous misconception that small business is a viable route out of poverty for all. Only one in four households report household improvement supported by small business, and community surveys revealed many households struggling to recover from failed businesses. With most businesses in the *bustee* setting characterised by low management capacities, businessmen and women cannot separate business and household cash flows, so that when businesses struggle, household incomes suffer too.

The quest to secure stable incomes is a constant struggle against an adverse structural environment for small businesses. Located primarily inside the *bustee*, most businesses serve low-income clients,²² operate largely on credit and face large fluctuations in prices and demand, due to seasonal change and co-variant shocks, such as price hikes or eviction. While businesses operating outside of the *bustee* can overcome some of these problems to reach a more profitable scale, this requires large sums of capital beyond the reach of most households.

Bhaki khay (the practice of taking goods on credit and failing to repay) poses the biggest threat to cash flow management.²³ While this offers an important coping

²¹ The World Bank (2007), for example, outlines increased access to credit as a critical priority for improving the economic livelihoods of the urban poor in Dhaka, enabling an expansion of self-employment activities.

²² Serving a low-income market means businessmen or women operating within the *bustee* face a limited market that must take account of the needs and financial capacity of their customers. As one businessman explains, “There is no scope for me to expand the business – it would not be profitable. In rich areas, more goods is better, but in the *bustee*, more goods would go unsold”.

²³ A literal translation of this is ‘to eat without paying’, referring to the practice of taking goods on credit. There are three groups responsible for the practice of *bhaki khay*: ‘typical’ low-income residents, ‘dishonest’ people, and local *mastaans*, or powerful men. Typical *bustee* residents purchase goods on credit to help manage income fluctuations, but where poverty prevents them from repaying their debts, the shop must bear losses. Businessmen and women are unable to stop providing goods on credit, for fear of losing customers within a highly competitive environment in the *bustee*. Those who are dishonest and vanish without paying constitute the second group of customers: for the few businesses allowing monthly payment of bills, this led to substantial losses. The third group that displays this behaviour are well-connected local strongmen, who use their political influence to avoid payment. Businessmen and women must allow this behaviour

strategy for households to manage low and irregular incomes, it also leads to unrelenting struggles to maintain cash flows amidst slowly depleting profits and capital. As one small businessman described, 'People are taking goods without paying money [...] The shop's daily income needs to be spent on my household, so I am constantly losing capital for the shop'. Management strategies require bearing losses from the business's capital or the household's income. While depleting capital means losing the ability to restock the business or business failure, bearing losses from profits or household income is only possible where profits are high or alternative income is sufficient to meet household requirements. Unsurprisingly, therefore, businessmen²⁴ who have used their businesses as a platform for mobility are those who started with bigger capital investments and who operate at a greater scale, such as restaurants, barbers, and firewood stalls. 'Improving' businessmen also have greater business management capacities built through similar work experience. This assists them to negotiate problems and minimise disruptions to the business and household.²⁵ A successful business, therefore, requires working at a scale unreachable by most.

As their main clientele is dominated by other low-income customers, the goods and services they sell are price-sensitive, reacting strongly to changes in demand resulting from income shocks and seasonal fluctuations.²⁶ The ability of businesses to offset these changes in demand is central to business and household resilience. Widespread price increases at the time of research were having devastating impacts on small businesses in the *bustee*. Businessmen

to secure their business's safety and prevent revenge crimes. Political affiliation with the leading political party protects one's businesses against this and other crimes, but while membership affords political protection within your party's rule, the ruling government has alternated between the two main parties since the return to multi-party rule in 1991. Unless, therefore, a businessman has sufficient wealth and prestige in the *bustee*, membership may expose businesses to the risk of high financial losses when the opposition party then takes power.

²⁴ While these factors may be similar for businesswomen, the case studies described here, since based on the employment of the household head, considered only male businessmen.

²⁵ Interviews identified three career paths taken by businessmen. Some household heads had always supported their household with the same business. Some had worked in a variety of unskilled labour jobs until they had accumulated enough capital to start their business, and others had worked as an employee in a particular type of business before utilising these skills to start their own. Businessmen supporting improving households were more likely to have learnt skills from previous work experience.

²⁶ Seasonal fluctuations in demand correlate with times when low-income households find their incomes squeezed, primarily during rainy season, but also to some extent at the hottest part of the year. This leads to lower demand for non-essential goods and services offered by small businesses, and also increases purchases on credit and exacerbates problems of business management, with shopkeepers preferring to accept credit and delayed payment rather than to receive no income at all during this difficult period. As one businessman illustrates, "In rainy season my business does less well, and my household gets into debts of 2,000 to 3,000 taka each month. If a business has reserve money it can get through rainy season better and debts will not become such a big problem". Without cash reserves, businesses cannot adapt to changes in demand, or manage short-term income fluctuations.

found themselves unable to absorb or adjust to price shocks by increasing prices, given that reducing consumption is a primary household response in the face of price increases. Especially for non-essential goods and services, increased prices would mean no customers at all. Improving businessmen had found ways to offset price changes. One businessman selling fried snacks, for example, had kept prices the same while reducing the quantity of snacks it sold, and a barber had actually reduced his prices, acknowledging that people would otherwise go without when they found themselves unable to buy their basic needs.

The main influences on a business's profitability and a household's subsequent potential for mobility include its location (operating inside or outside the *bustee*), the market for their goods (essential or non-essential) and their customer base (low-income or non-poor). Improving businesses tend to be those serving non-poor customers in fixed locations outside the *bustee*, allowing them to avoid obstacles of *bhaki khay* and to adjust their prices in line with price fluctuations without offsetting demand.²⁷ Describing the characteristics of businesses requiring large capital investments, this confirms assertions that only informal businesses that reach a scale at which they become employers themselves can earn profits sufficient for economic mobility (Maligalig et al. 2009).

3.3 Formal sector and skilled work

The third option for low-income urban workers for diversifying their livelihood options is through gaining skills or qualifications and moving towards formal sector employment. This, however, is viewed as largely inaccessible, with most lacking the qualifications and social contacts necessary for this. While perceptions of these jobs suggest relative stability and job prestige, most *busteebashees* accessing jobs in this sector can rarely secure formal contracts. Instead, they access them through informal 'temporary' contracts characterised by low salaries, long working hours and a lack of benefits typically offered by formal sector jobs, such as annual leave, travel and lunch allowances, and sick leave.²⁸ Most jobs are based on informal agreements, rather than formal contracts, resulting in high job insecurity. For many working in garments,

²⁷ Operating outside of the *bustee* does involve a number of structural difficulties not experienced by those inside the *bustee*. Operating outside government regulations leaves businesses exposed to police harassment and bribes. Some businessmen also discussed crime as detrimental to their profitability, which can only be avoided if a businessman can draw upon political powers for protection. That these businesses operated on a larger scale and had higher incomes, however, meant that these problems were not as detrimental to business and household management as those faced by businesses working within the *bustee*. Although a financial drain on small businesses, the ability of police to turn a blind eye to their presence in return for bribes was seen to at least allow businesses to operate. This was increasingly evident when a crackdown on anti-corruption began in 2007 under the caretaker government, when police stopped accepting bribes and started enforcing encroachment laws.

²⁸ As a result, several 'improving' households headed by unskilled labourers had actually returned to rickshaw-pulling, after experience in this sector had highlighted the greater flexibility and financial returns found in this work under the right conditions of health, age and motivation.

domestic service or security work, amongst others, being absent even for short periods of illness is overshadowed by the high likelihood that their job will not be available on their return.

With access to the labour market strongly mediated by social connections (Opel 2000; Garrett 2004; Banks 2012), formal contracts most conducive to mobility, through high monthly salaries, job security and other benefits, are distributed not by education or experience, but through social networks. As one teacher in Dhaka explained,

For *bustee* people there are high-profile jobs available. The problem is people cannot find them [...] You need a *mamu* (uncle) to connect you to jobs. This person can be inside or outside the *bustee*, they can be relatives or friends, political or non-political. I don't know of any way you can get a job without this.

Social relationships of the urban poor are often dependent on kinship ties among those originating from the same district of Bangladesh.²⁹ Crucially, however, those most important to mobility are political, with connections to unelected but politically affiliated local leaders who mediate access to information, resources and jobs through their connections outside the *bustee*.³⁰ Without these social connections, those securing positions in this sector are restricted to the lowest tier of jobs – such as security guards, cleaners or office assistants – and to temporary contracts lacking job security and prospects for future promotion or salary increase. Subsequently, these jobs offer weak platforms for mobility on that income source alone. Households faced further vulnerability when their low fixed monthly salaries remained the same amidst price increases.

Low-income workers have limited agency through which to amend and expand their social assets outside of these closed social circles. While those lacking social relationships try hard to establish and maintain relationships, they experience varying levels of success, and none are able to reach the best employment outcomes secured by those who accessed similar positions through social networks. Some straightforwardly fail at great cost when, after making considerable investments in skills development, desired jobs do not materialise. Others are able to overcome the structural barriers to *entry* into jobs by extending their social contacts, but cannot access them on the same terms, receiving lower salaries (with no annual salary increase), insecure contracts and/or irregular work. This limited scope for challenging the need for social relationships

²⁹ These relationships are consolidated geographically, with migrants settling in *bustees* where a large number of people from the same district live, providing financial and social support in accessing employment, housing and support networks (Afsar 1999).

³⁰ That these households are more likely to own their own houses and rental rooms, to have interest-free loans from wealthier residents, connections that enable them to open bank accounts, and to be members of political organisations all indicate that these households are amongst better-off *bustee* residents.

underlines why low-income workers accept the limitations arising from the social nature of the labour market (Banks 2012). Witnessing the failure of those who attempt to challenge it, alongside the high financial costs of failure, the riskiness of investing time and money in searching for more lucrative jobs and the high risk that good terms of employment are unlikely to be secured, most are reluctant to do so. Awareness of these structural obstacles is critical, as they result in substantial misconceptions about the best career paths, unless a household has the right social connections to make them work. With the vast majority of households lacking the right social relationships, less than one in three households are able to facilitate household improvement through formal sector and skilled work (Banks 2010).

3.3.1 Strategies for coping and improvement: household labour mobilisation

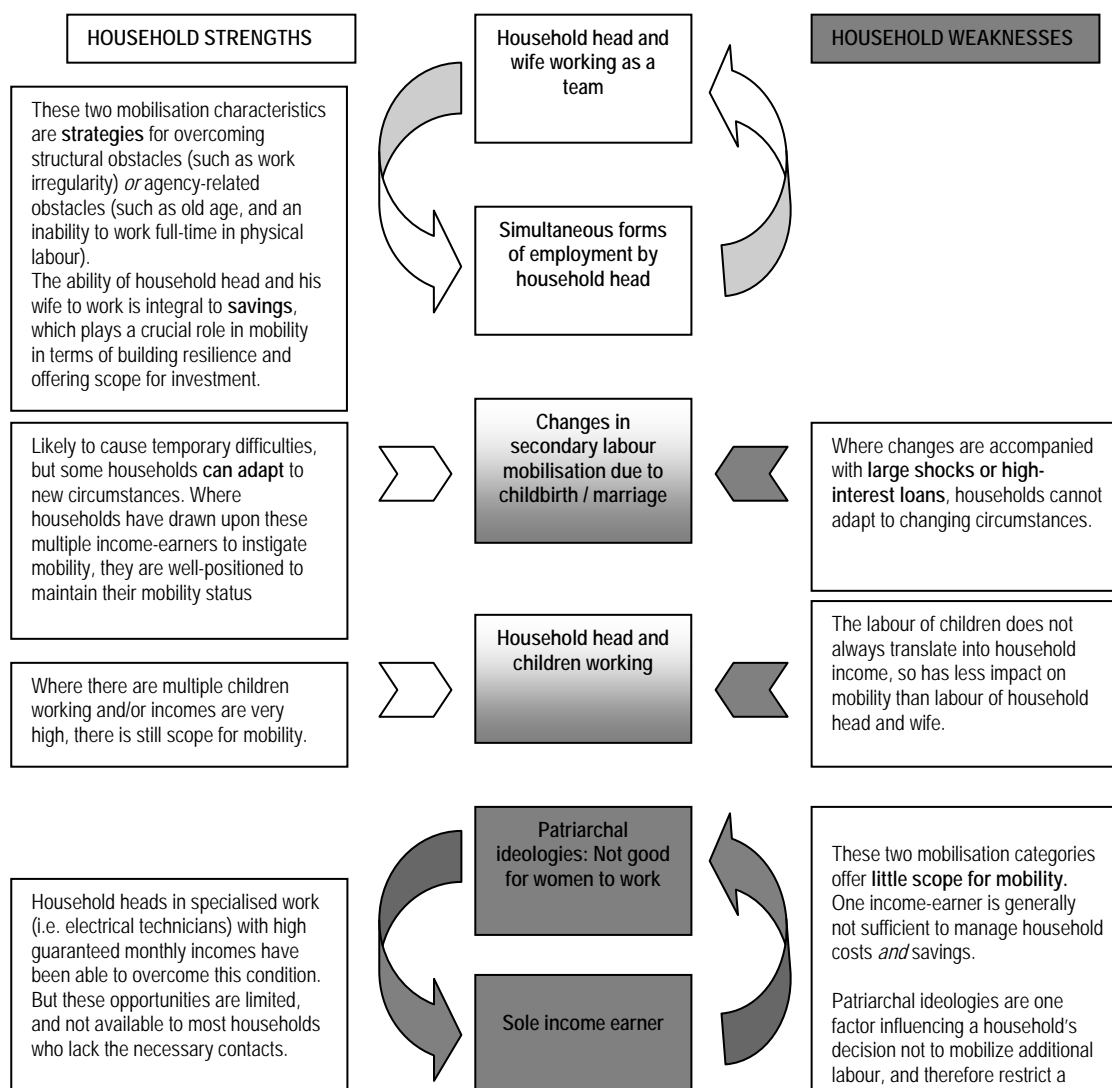
With the majority of low-income workers facing structural obstacles to entry in the labour market, most household heads are confined to low paid, irregular and insecure work that rarely provides a viable platform for mobility. Additional labour mobilisation is therefore central to strategies for household survival and improvement, and low-income urban households deploy several strategies through which they seek a secure income base (Figure 2).³¹ Strategies associated with 'improving' outcomes are coloured in white, while those in grey illustrate obstacles to mobility common to 'coping' households. Arrows indicate mutually reinforcing positive or negative influences on mobility that increase prospects for improvement or trap households in a cycle of 'coping' or deterioration. Between these two extremes are those strategies and characteristics that have varying outcomes on mobility, depending on wider household circumstances.

Being engaged in two jobs simultaneously is one strategy through which household heads can reduce or overcome the structural and agency-related obstacles that limit the hours and days an individual can work, such as work irregularity, old age, or physical weakness. Even within these constraints, household heads can minimise their time spent idle and maximise their hours worked by, for example, pulling a rickshaw in the morning and running a small hawking business in the afternoon.³² Where household heads experience a planned or unexpected change to their employment, this disruption is substantial enough to ensure the household is found amongst 'coping' households, highlighting the centrality of their employment to household stability and

³¹ This process is not unique to urban areas. In rural north India, for example, Krishna (2004) finds diversification of income to be the most important factor associated with household poverty escapes.

³² Some elderly rickshaw-pullers utilised this strategy, since they did not have the strength to work longer hours in rickshaw-pulling. While they would have preferred working full-time in the hawking business, capital limitations prevented this. Such a strategy was also used by skilled workers, who received higher daily salaries but still faced problems of irregular work, with those from 'improving' households reporting pulling a rickshaw on days when their first choice of work was not available.

Figure 2. Labour mobilisation strategies and their influence on household mobility



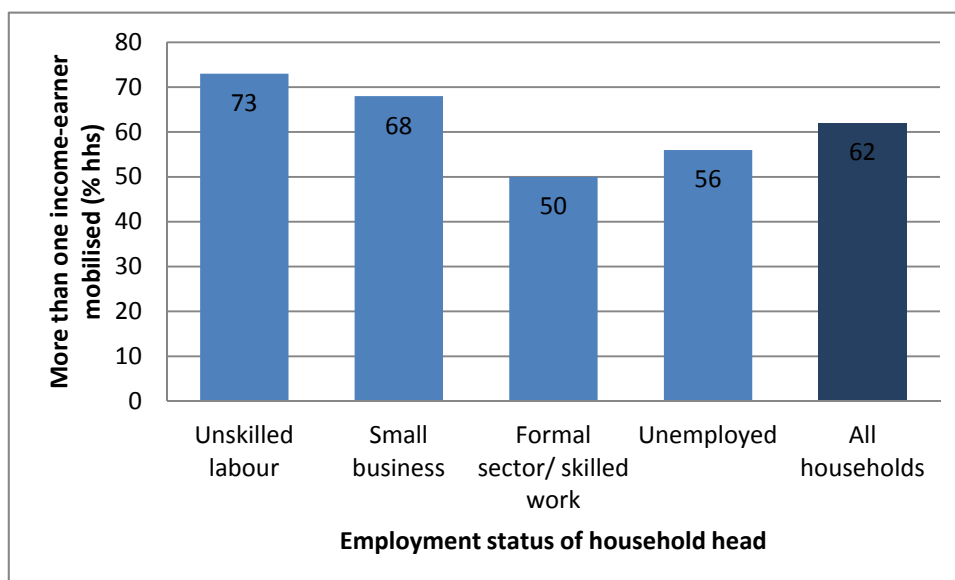
explaining the reluctance of household heads to search for better jobs in line with their skills, qualifications and experience.³³

Few households reliant on one income-earner are able to facilitate mobility. A minority of high-paid skilled or formal sector jobs guarantee a large and stable monthly income sufficient for household economic mobility, but these are restricted to a closed circle of better-off households with the right social connections. The mobilisation of additional income earners is, therefore, a common strategy pursued by 62 percent of households, particularly among

³³ Household heads emphasised that they would be unable to continue managing their household throughout the transition, given the time-lag before the first month's wages and the practice within garments factories of a six-month 'probation' period on a low salary before being promoted to their relative experience level.

households supported by unskilled labour (Figure 3). Providing only secondary support to the household income, additional income earners are more likely to be found employed as unskilled labour, earning low monthly incomes in garments, or earning no additional incomes or small profits in the family business or other home-based work.³⁴ That these incomes are supplementary to the household's core economic support leaves scope for changes to their employment status without long-term set-backs to the household's trajectory. Economic mobility is not seamless, however, and while some households can adapt to these changing circumstances, others cannot. Where changes are accompanied by additional financial shocks or the need to borrow to meet costs, this results in additional barriers to mobility, with loan and interest repayments increasing monthly expenditures at the same time as income is reduced.

Figure 3. Household labour mobilisation strategies, by employment of household head



The mobilisation of both a household head and his wife is as an important strategy for household improvement, particularly amongst those supported by unskilled labourers and small businessmen. Income-generating activities for women are concentrated in a narrow range of options, including garments work, domestic service, manual labour and home-based work (Ghafur 2002; Salway et al. 2003; Banks 2010).³⁵ Where households mobilise female labour, 45 percent do so in the garments sector, with a further 23 percent of women finding work in

³⁴ While only six percent of household heads find employment in garments work, for example, amongst households mobilising additional male labour, 23 percent do so in the garments sector. While 23 percent of household heads run a small business, only nine percent of households in which secondary male members are employed earn an income from their own small business (and six percent mobilise the additional labour of men in the primary family business).

³⁵ Home-based self-employment is a preferred move away from garments options to more flexible activities that enable women to combine parenting, household duties and work. Their businesses are small, however, and 'eeter on the edge of insolvency' (Ward et al. 2004).

domestic service (Banks 2010).³⁶ It is male household heads who decide (against traditional norms forbidding women from working outside) how, when and where female members work, making decisions balancing the competing tensions of managing household finances and maintaining family status and honour outside the household, as well as their self-image as the main provider (Kabeer 1997; Jesmin and Salway 2000; Salway et al. 2003).

Viewing their wife's contribution as a strategic choice for household security and improvement strengthens opportunities for household mobility. These perspectives were most commonly found amongst 'improving' household heads, who view their households as a 'unit' or 'team' in which improvements and the household's ability to plan and save are dependent both on their own and their wife's labour. "Now that my wife has started a small business", one 'improving' unskilled labourer explained, "hopefully we can manage our household better and pay off our debts. Now we are both working I can see a dream that we can do better now". These households move beyond female employment as an initial strategy for survival to a strategy for getting ahead. The majority of households, however, turn to female labour as a strategy for survival rather than moving ahead, seeing it as a necessary evil for coping with adversity.

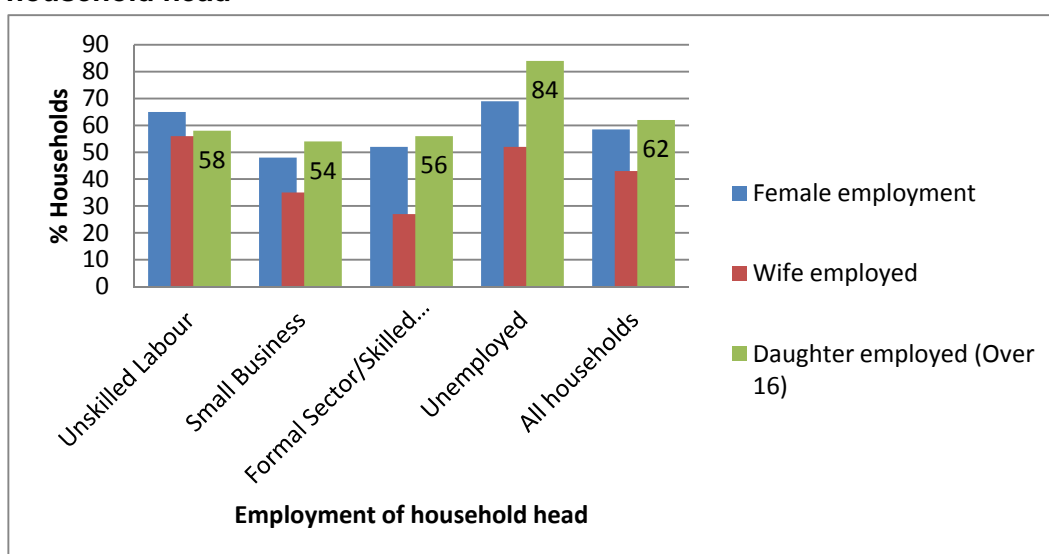
On average, 58 percent of all households in a 420-household survey across four low-income communities mobilised female labour within the household, varying both by employment of the household head and at the community-level (Figure 4). The two relatively disadvantaged communities – being geographically isolated and displaying lower average incomes – display the highest levels of female employment. Where female employment is highest in Mirpur-No services (in 64 percent households), social problems of drug addiction and gambling meant that female labour was often the sole, rather than supplementary, income for households, dampening opportunities for using female employment as a strategy for getting ahead.³⁷ Likewise, where women explained that their husbands choose not to work full-time given their wives' contributions, full returns to the expanded labour force are not realised.³⁸

³⁶ Nine percent work of female labour is employed in unskilled day labour, eight percent in home-based work or their own small business, four percent in other formal jobs (such as cleaners or office assistants) and in five percent of households, women are engaged in mixed forms of employment.

³⁷ Only around 10 percent of households in this *bustee* reported household improvements over the past five years, significantly lower than in the other three sites and in the average across the four settlements of 22 percent.

³⁸ Another practice holding this back is withholding income from contributions to household income. The daily nature of incomes of most male workers leaves them opportunities to hold back significant sums of *pocket korotch* (spending money) (Salway et al. 2003; Banks 2012). In contrast, only 37 percent of women in Dhaka report keeping money aside for personal usage (Salway et al. 2005).

Figure 4. Breakdown of female employment rates, by employment status of household head*



*For daughters, this is the percentage of households *with* daughters over the age of 16³⁹ (source: Banks 2010).

That households headed by unskilled labourers and unemployed workers are more likely to mobilise their female members also highlights its use as a coping strategy amidst uncertain incomes. Low levels of female employment are notable amongst households supported by small business and formal sector workers, particularly when it entails the labour of the wife (Figure 4). This is largely due to adherence to patriarchal ideologies regarding women’s work.⁴⁰ That these jobs are viewed as ‘prestigious’ reinforces gender norms, as the respect afforded to businessmen would be at risk if their wife worked outside the household. As one restaurant owner in Dhaka explained, “It is not a question of her financial assistance; it is a question of honour. People will ask me why my wife is working, so I will not allow this”. Even though this rationale appears to limit opportunities to improve livelihoods, there is important logic behind this decision. Adherence to historical cultural norms is necessary to protect critical social networks. The entry of new programmes for urban poverty reduction is providing a further reinforcement of these motivations, allowing local leaders to consolidate their political power (Section 6).

³⁹ (N=26, 28, 18 and 19 households for those headed by unskilled labourers, small businesses, formal sector/ skilled workers and unemployed household heads, respectively). This is a relatively small number of households with daughters of working age, given that after marriage, daughters tend to move away from their family home to live in their parents-in-law’s house with their new husband.

⁴⁰ In terms of small business, this also allows extra hands to be mobilised in the family business. Although investing additional labour in the business helps keep costs down and allows businesses to work on a larger scale, a lack of income diversification does cause some risk. One man, for example, ran a *phucka* (fried snack) stall outside the *bustee*, in which five of his household members worked. “Our household is doing slowly better financially”, he explained, “but we have only one income source engaging five of us, so it is a little risky”.

In less stable households, adherence to gender norms is forced to take a back seat (Salway et al. 2003). Sole income-earners tend, therefore, to be the result of an inability to mobilise female labour, due to pregnancy, childcare or illness. As one male focus group in Dhaka highlighted, “It is not prestigious for people to know that a man’s wife works and that he is dependent on her” – beliefs reflected in comments that, “For poverty, our habits are going bad”.

Sending children to work is an additional option for supplementing household income, and it is a common sight to see young children wandering the streets scavenging for recyclable goods.⁴¹ Estimates of child labour (five to 14 years) in Dhaka range from one in three (Delap 2001) to one in five (World Bank 2007; Garrett 2004), with participation starting at an earlier age for boys (Delap 2000; 2001).⁴² Our survey finds 15 and 17 percent of households have female and male children under the age of 15 working.⁴³

Labour is more frequently mobilised from sons and daughters of working age, who remain in the familial home prior to (for young women) and after marriage (for young men, accompanied by their new wives). Garments work is now recognised as an acceptable option for young, unmarried women (Pryer 2003; Salway et al. 2003), in contrast to early assumptions that work for this group was disapproved of, given its accompanying risks to future marriage options (Pryer 2003; Salway et al. 2003). While households headed by small businessmen and formal sector workers are much less likely to mobilise their wives’ labour, these households are similarly more likely to send an unmarried daughter to work (Figure 4).⁴⁴

⁴¹ This is particularly the case when parents cannot afford to send children to school. The influences on sending children to school are much broader than the household’s need for additional income, however, including the level of parental education and household poverty and vulnerability (in relation to asset deficits, reliance on casual labour and female headship). Broader contextual factors also influence parental decisions, including the limited range of jobs and the absence of adequate educational facilities undermining parental commitment and motivation to educate their children (Kabeer and Mahmud 2009). A child’s gender, too, plays a role, with parents having high social and financial expectations from their sons, for whom education is important for occupational choice and attaining jobs that allow social prestige and security for themselves and their parents in old age. Daughters, in contrast, have high social, but not financial, expectations, with education viewed as important for preparing them for roles in society that are expected of wives and mothers, as well as preparing them to stand on their feet should their husbands prove unreliable (Kabeer and Mahmud 2009).

⁴² While for boys, participation in paid work allows them to be released from contributions to unpaid housework, girls engaged in paid work will still be expected to complete household chores, reflecting gender breakdowns of adult men and women’s roles and responsibilities in the household (Delap 2000).

⁴³ This only considers the proportion of households with children falling within this age range. Where parents discussed their child as ‘employed’, this was only in jobs with an employer (such as garments, working as a market assistant, and so on), rather than more broad definitions of ‘work’ that take into account scavenging or other chores. This may explain why our findings are slightly lower than other figures reported here.

⁴⁴ With the exception of households headed by an unemployed person, who almost universally send daughters of working age to work, given their need for alternative forms of income support.

Few households have sons of working age who are neither in school, nor working, with 88 percent of households with sons over the age of 16 sending them to work. Parents go to huge efforts to help their sons into work, and unemployment for young men out of 'laziness' is a source of distress and frustration. Three years ago, for example, Abdul invested 150,000 taka in a shop for his son to run, spending his savings for a pension. His son destroyed the business, however, and a second attempt to send him abroad to work, costing a further 80,000 taka, also failed. Since then, Abdul explains, "I didn't try with him again".⁴⁵ Secondary labour by grown up children is no guarantee of mobility, however. In an urban setting where appearances matter, sons and daughters commonly keep some portion of their income to themselves, leaving no assurance that income benefits will accrue to the household.

3.3.2 Strategies for coping and improvement: finance and loans

Other than employment, the urban poor have few alternative sources of income. Rental housing is one alternative source of income, but this is limited to a small proportion of better-off households.⁴⁶ Income is at the heart of household livelihoods, however, with urban households reliant upon cash incomes to meet all of their basic needs. The high costs of urban living, including housing, food, water and other services and transport costs, exacerbate pressures on income.⁴⁷ Amidst low and irregular incomes, this monetisation of the urban economy means that the urban poor must manage complex financial portfolios to balance income and expenditures. One survey finds as many as 70 percent of Dhaka households unable to fulfil their daily requirements (Salway et al. 2003). Another survey in Dhaka highlights nearly one in three households reporting a 'severe' financial deficit, 30 percent reporting a 'slight' deficit and over one-third reporting a break-even situation. Only four percent of households report a slight excess in household finances, and 0.2 percent an excess of income sufficient to save (Pryer 2003).

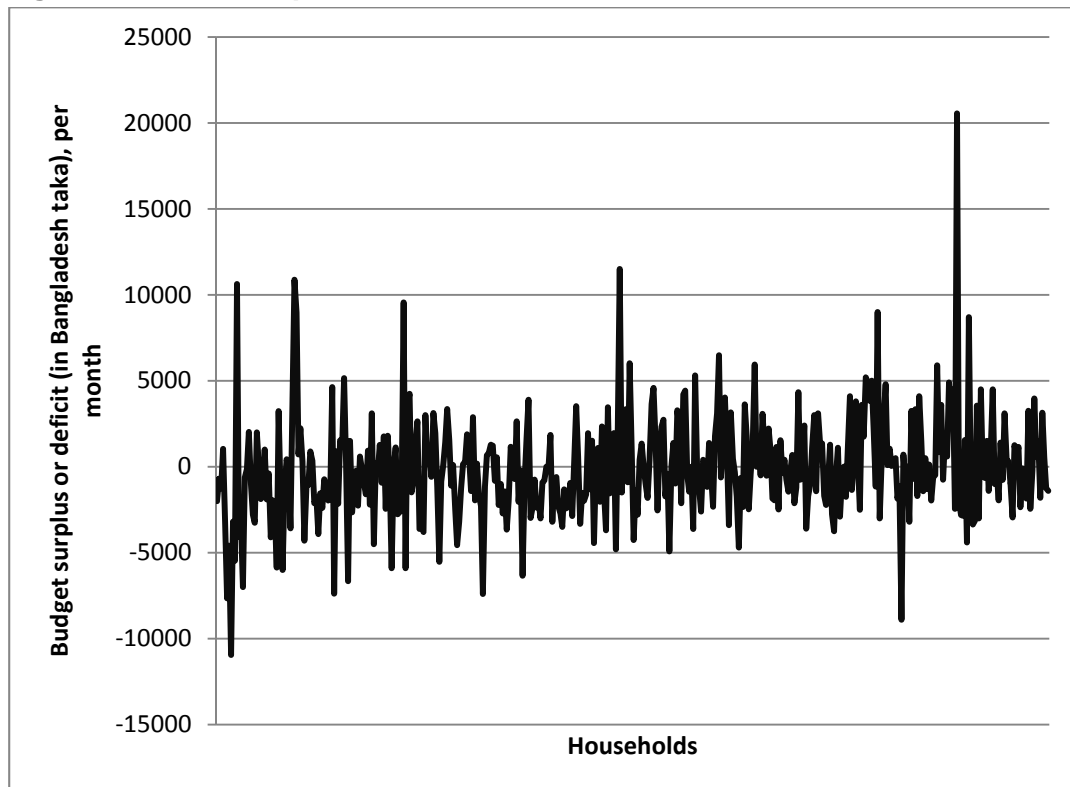
⁴⁵ Although he is a large house owner, with 16 rental rooms, these losses have been so catastrophic on his household that it has been unable to recover from them. "So many times I have lost money for different ideas and different businesses", he laments. "But if you are falling down one time, it takes a huge amount of time to stand back up again".

⁴⁶ Housing in Dhaka is characterised by high levels of tenancy, in which a small number of landlords own and control the rental market. House ownership is a relatively secure and lucrative income-generating activity, depending on the number of rooms owned. In a survey of four communities in Dhaka, landlords displayed much higher incomes than tenants, ranging from 47 to 200 percent higher (Banks 2010).

⁴⁷ Arguably, livelihoods in smaller towns are more similar to those in rural areas than in large metropolitan centres – while large metropolitan centres exude the sense of urbanity commonly associated with urban poverty – such as crowds, density, traffic, industry, pollution, and a dearth of agriculture – many small- and medium-sized cities possess more rural characteristics (Garrett 2004). Likewise, while there are wide income differentials between those living in city corporations and those in rural areas (with metropolitan incomes being, on average, 87 percent higher), there is some degree of convergence between household incomes in rural areas and district towns, with the latter earning only 10 percent more, on average, than those in rural areas (Mannan et al. 2011).

Figure 5 illustrates the large proportion of budget deficits across low-income households in Dhaka, with few households earning sufficient income to guarantee stability (Figure 6). This position is commonly described as *tantani*, a term that can be seen as synonymous with ‘coping’, highlighting the financial tug-of-war of incomes and expenditures pulling constantly in opposite directions. Incomes may fluctuate in either direction if a household has additional expenditures (such as health costs) or earned a higher income (through more regular work, for example). Only one in three households have sufficient income to cover the average monthly expenditure on health costs of 863 taka without going (further) into a budget deficit. This highlights how ill-prepared the urban poor are to cope with chronic ill health and health shocks on already squeezed incomes.⁴⁸ These figures also illustrate the strikingly small proportion of households that constitute the *bustee* ‘elite’ (Section 6 discusses this further).

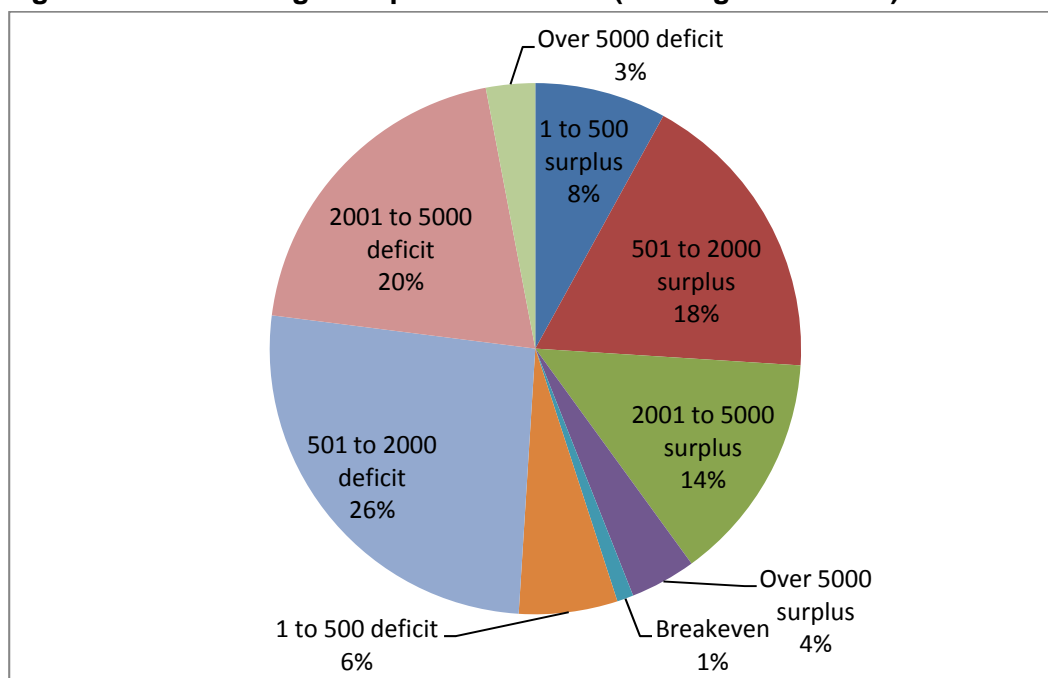
Figure 5. Income surplus and deficits in Dhaka *bustees**



*This includes monthly expenditures for food, rent, electricity, water and firewood, but excludes spending on education and health care. This is a compilation of data from 420 households across four *bustees*. Source: Banks (2010).

⁴⁸ While health shocks will result in less periodic medical costs, they are likely to be more expensive than the ongoing monthly costs revealed here.

Figure 6. Size of budget surplus and deficit (in Bangladesh taka)*



*Figures in Bangladesh taka. These include monthly expenditures for food, rent, electricity, water and firewood, but exclude spending on education and health care. Source: Banks (2010).

Food purchases account for the majority of the urban poor's expenditures (World Bank 2007; Cohen and Garrett 2010),⁴⁹ with price fluctuations exacerbating pressures on household finances.⁵⁰ One survey in Dhaka highlights the devastating impacts of price increases on low-income urban households. While the average weekly household income of the poorest quintile is 575 taka, households in this quintile report spending 748 taka per week on food costs (Zingel et al. 2011).⁵¹ Various strategies help the urban poor to cope with income shortfalls, including buying in small quantities (at higher per unit prices), skipping meals and purchasing foods of lower nutritional values. All of these have serious implications on health outcomes, however, with households in the poorest quintile

⁴⁹ Data from the 2000 HIES report those living in Dhaka spending 62 percent of their monthly incomes on food costs (World Bank 2007).

⁵⁰ The wholesale and retail price of rice increased by 78 and 82 percent, respectively, from June 2006 to June 2008, putting intolerable pressure on low-income households and leading to concern about increasing malnutrition rates (FAO and WFP 2008). While the government took up public food distribution at the height of rice price hikes, efforts to allow households to buy rice at subsidised prices were relatively 'half-hearted' in Dhaka, allowing each individual to buy up to three kilos of rice at 25 taka per kilo (in comparison with the market price of 30 to 35 taka) at special stations across the city. Many low-income urban households were not reached, however, as members were unable to stand in long queues without forsaking work (See Zingel et al. 2011).

⁵¹ In contrast, Dhaka's wealthiest *bustee* households report earning an average income of 2,643 taka per week and spending around 1,519 taka per week to meet their food costs. Figures are based on a food consumption survey carried out across 205 households in nine Dhaka *bustees* in 2009 (Zingel et al. 2011).

displaying the highest food insecurity, highest share of underweight members, and the poorest self-reported health measurements (Zingel et al. 2011).

The need to find alternative means of consumption-smoothing has led to the search for loans becoming the most common livelihood strategy among Dhaka's low-income households. Nearly three-quarters (72 percent) of households have at least one loan or debt in their financial portfolio, most of which are informal.⁵² That microfinance operations in Bangladesh are limited in Bangladesh's cities is evident in limited access to formal loans among the urban poor (Ward et al. 2004; Bashar and Rashid 2012).⁵³ For many households, this is a cyclical process, with many going through a monthly process of seeking loans to manage extra costs and repay previous loans. As one household explained, "Every month we are taking new loans from here and there and paying some off, so this way we don't have to pay interest".⁵⁴ Different types of loan play different roles in securing livelihoods, ranging from assisting with the daily struggles of survival or coping in emergencies, to facilitating prospects for investment and improvement. The source of a loan also plays an important role in a household's ability to repay it without placing further constraints on the household (Box 1).

Coping and deteriorating households are characterised by their dependence on multiple forms of borrowing. Over 70 and 80 percent of households reporting their status as 'the same' or 'worse than' five years ago have at least one loan, dropping to around 50 percent of those who have experienced household improvements (Figure 7).

⁵² Other recent surveys show similarly high rates of indebtedness. Zingel et al. (2011) find two-thirds of households in Dhaka borrowing food or money from neighbours and a further one-third taking goods on credit.

⁵³ Of Bangladesh's 535 microfinance institutions, 220 operate in urban areas, of which 50 operate exclusively in towns and cities. The urban population only constitutes 14 percent of those served by microfinance institutions across the country, and average loan sizes are smaller than those in rural areas, at 18,732 taka in comparison with 21,792 taka (Bashar and Rashid 2012).

⁵⁴ This is not to say that low-income households do not strive their hardest *not* to borrow. Particularly among the poorest households, who know that their low and irregular incomes restrict their capacity to repay, many households do whatever they can not to borrow. One householder asked: "If I were to borrow, who will pay for me?" and another explained that: "I know my situation and I cannot repay, so I will not borrow. I may starve, but I will not borrow". To some extent, they were able to manage without borrowing through keeping costs low by reducing food intake and nutrients. As one rickshaw-puller explained: "I'm afraid of debts, so when we have extra costs we take a low profile diet, eating only rice and salt". Some shocks, however, mean that even those wary of loans are forced to borrow to meet the costs involved.

Box 1. Types of loans available to low-income households in Dhaka

Formal loans

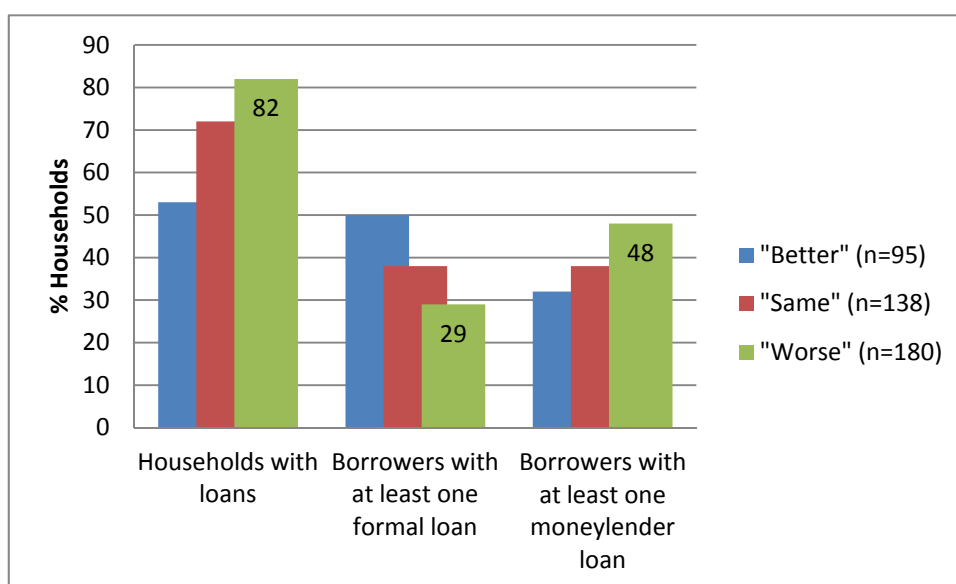
Fixed interest and repayment schedules characterise loans from NGOs and/or cooperatives: interest is calculated on the amount borrowed and split across the finite term of the loan. Although intended for investment, these can also be used for consumption smoothing. Compulsory savings periods limit their role as a source of emergency finance.

Informal loans

Low-income urban households rely upon three sources of informal loan:

- **Borrowing from relatives and friends** is widely seen as the most preferable option, offering low or zero interest and flexibility in repayment. This plays an important role in investments, as well as consumption smoothing or coping in emergencies.
- Households can borrow in the form of **unpaid debt and credit** in rental payments or goods bought at local shops. This plays an important role in consumption smoothing.
- **Loans from moneylenders**, or *mohajons*, are associated with access to emergency finance, but at a cost. Money may be accessible quickly or when other funding sources are exhausted, but it is accompanied by onerous terms, including high monthly interest and strict repayment criteria that trap borrowers into unending and escalating interest payments. Although primarily a source of emergency finance, some households may also look to this source for consumption-smoothing purposes when they lack other options. The high pressure on household resulting from these loans means *mohajons* are portrayed as menacing and unyielding businessmen who take advantage of vulnerable households. They are often described through illustrative terms, such as 'catching our blood' or 'cutting our throats', given their ability to make their own strict rules regarding interest and repayment schedules.

Figure 7. Loan prevalence across households by coping status*

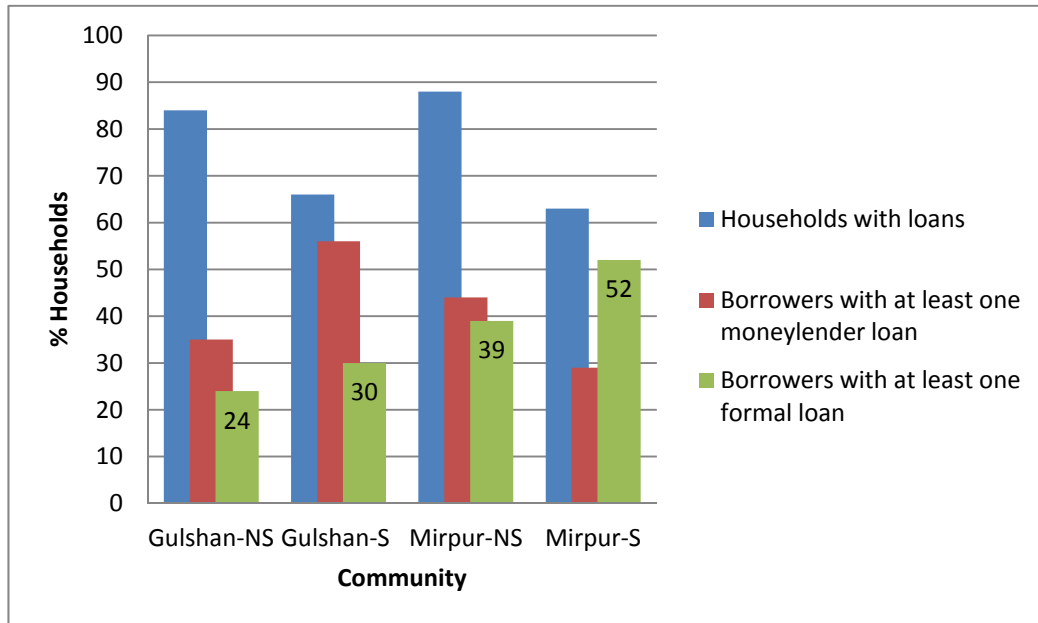


* 'Households with loans' shows the percentage of *all* households with loans. For formal and moneylender loans, this shows the percentage of *borrowers* within each category.

Not only are improving households less likely to have taken loans, they are also much more likely to have accessed formal loans that have investment potential and less onerous interest and repayment terms. In contrast, half of coping households have resorted to moneylender loans, which can be seen as both a cause and consequence of household deterioration. Where households on limited incomes are highly vulnerable to health-related and other shocks, they are often driven to search for emergency finance, with little negotiating power over its conditions. Furthermore, their catastrophic terms prevent later household recovery, due to ever-increasing interest payments that squeeze incomes indefinitely. It is no surprise, therefore, that moneylender loans are most prevalent in poorer communities, namely Gulshan-services (Gulshan-S) and Mirpur-No services (Mirpur-NS) (Figure 8).

Geographical factors influence access to formal loans. Both communities in Mirpur have greater access to formal loans, given a higher number of NGOs and cooperatives there issuing new loans. This is explained by lesser fears of immediate eviction, which had stopped the issuing of new loans in both Gulshan

Figure 8. Loan prevalence by community



communities. As one man explained, “As powerful men threaten to evict us, NGOs do not favour us either”. Interestingly, however, this does not translate into a greater prevalence of small businesses in Mirpur. Just under 20 percent of households in both Gulshan and Mirpur support their households primarily through small business (Figure 9). Also important to note is that formal loans are skewed towards owner-occupiers and landlords. Forty-two percent of house-owners and landlords had accessed formal loans, in comparison with 18 percent of tenants.

Figure 9. Prevalence of small business and formal loan take-up

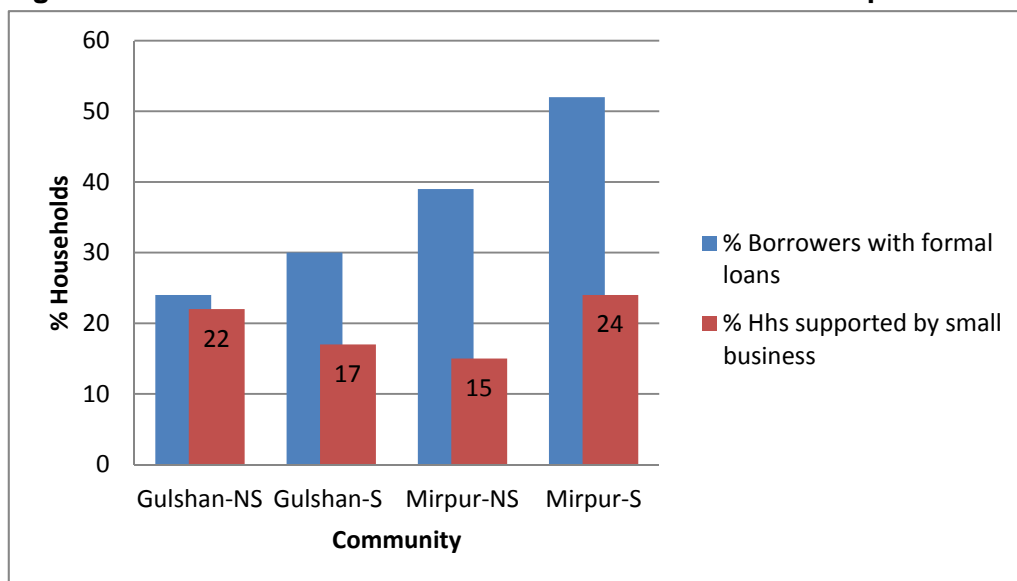


Table 2 highlights the particularly high prevalence and multiplicity of loans in Mirpur-No services, which can be attributed to recent evictions that led to households resettling in this new and expanding *bustee*. Building rooms on this

Table 2. Breakdown of loan prevalence across research sites

Research site	Households with loan(s)	Type of loan (% of borrowers)			
		At least one formal loan	At least one moneylender loan	At least one interest-free loan or debt	Multiple loans
Gulshan-No services	84	24	35	66	61
Gulshan-Services	66	30	56	37	38
Mirpur-No services	88	39	44	51	47
Mirpur-Services	63	52	29	54	44

land allows them to become owner-occupiers, but is accompanied by large costs.⁵⁵ Across the four communities, 37 to 66 percent of households have found interest-free means of accessing their financial needs. In both Mirpur and Gulshan, the community with higher average incomes has greater access to interest-free sources, suggesting that the benefits of reciprocal lending arrangements are dependent on a certain level of financial security. In the poorer communities, where formal and interest-free loans are less prevalent, households are much more dependent on moneylenders. Forty-four and 56 percent of households in Gulshan-services and Mirpur-No services, respectively, had resorted to moneylenders to meet their finance needs.

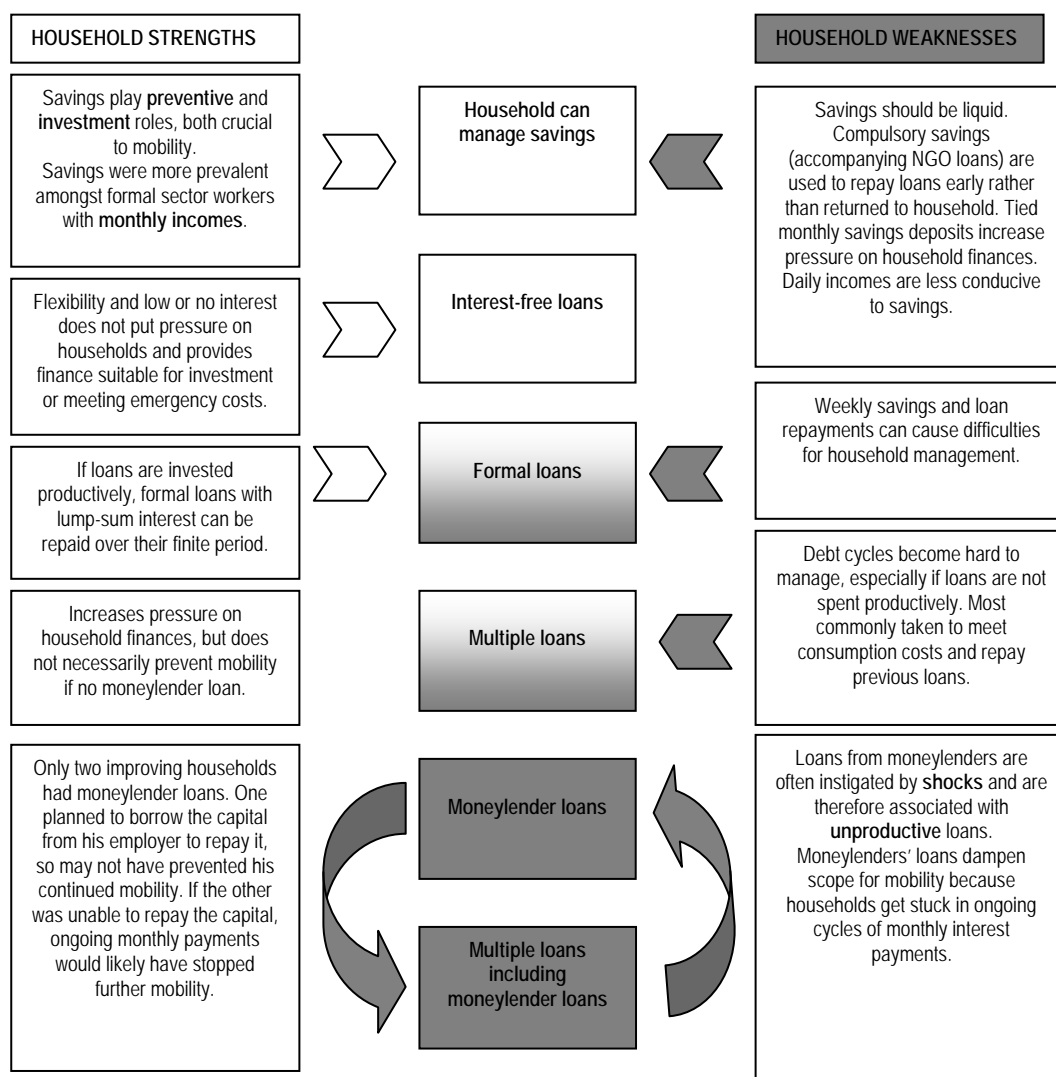
Accessibility to loans of different types, therefore, is influenced by both household and community factors. It is the better-off who access the best forms of lending that allow consumption-smoothing and investment without detriment to the household. This holds true at both the household and community level. The poorest households, and households in poorer communities, have fewer options for meeting finance needs and therefore display a greater likelihood of resorting to moneylenders. “Necessity knows no law,” explained one man in Mirpur-services: “Some people have to go to a *mohajon*”. The repercussions of this are devastating, with households becoming stuck in ongoing cycles of monthly interest repayments costing between 10 and 30 percent of the capital borrowed each month.⁵⁶ For a 10,000 taka loan at 10 percent monthly interest, this means a borrower must pay 1,000 taka a month *in interest only*. Capital repayments must be paid in large multiples of 1,000 or 5,000 taka, so that borrowers are rarely able to repay the capital borrowed on top of interest payments. Only 31 percent of households across the four research sites, for example, have a monthly income surplus greater than 1,000 taka. One household head illustrates that: “I’m only paying the interest, and sometimes I can’t even manage this. I’m working hard and trying not to take more loans, but with the interest my struggles just keep increasing”.⁵⁷ Loans and savings strategies, therefore, have a strong influence on household mobility (Figure 9).

⁵⁵ Households reported spending up to 20,000 taka to buy informal plots and build their rooms.

⁵⁶ The amount of interest is dependent both on the borrower’s relationship with the *mohajon* and the circumstances of the borrowing. A good relationship with the *mohajon* may lead to lower interest rates, while if a borrower is viewed as a risk to repayment, or if the emergency is so bad that *mohajons* know that any terms will be accepted, high rates will be given.

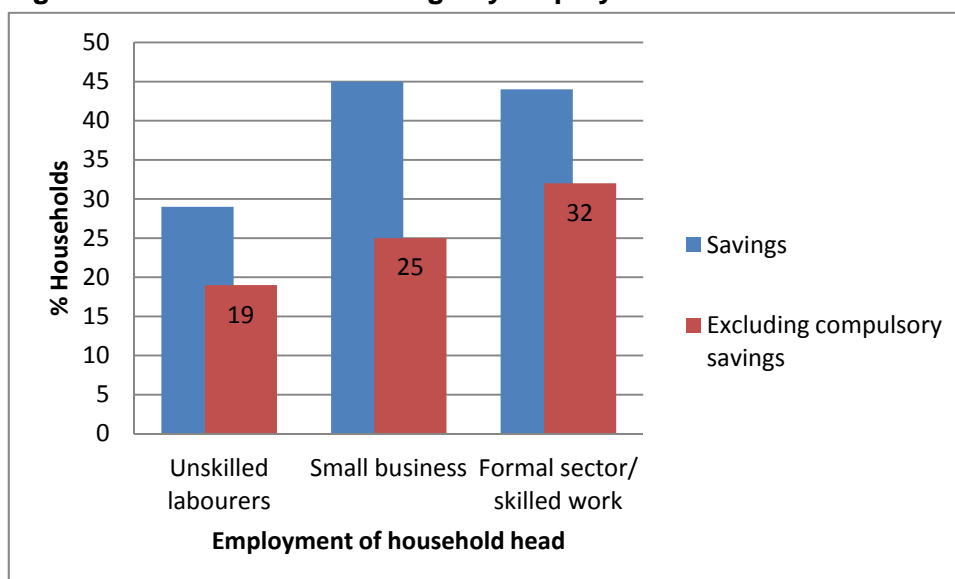
⁵⁷ Respondents are aware of both the necessity and repercussions of borrowing from moneylenders, and moneylenders are characterised as taking advantage of their situation for personal profit, described as ‘ferocious’, ‘hijackers’ and ‘dictator-like businesses’. Savage descriptions are common, with respondents describing their practices as, ‘doing business with our blood’ or ‘cutting the throats of the poor’.

Figure 9. Loans and savings strategies and their influence on household mobility



Where households can draw upon savings, they can minimise the risk of having to turn to moneylenders when facing emergencies. Savings provide a critical safety net that households can draw upon when income is under pressure, as well as contributing to a pool of capital investment. The experiences of ‘improving’ households demonstrate the importance of both of these roles. Savings prevented health shocks from reversing household improvements and allowed them to consolidate capital and assets that lead to better jobs and higher incomes. The constraints to urban livelihoods we have discussed, however, vastly restrict the ability of households to save, particularly for those on unstable daily incomes working as unskilled labour or in small businesses (Figure 10).

Figure 10. Prevalence of savings by employment of household head



That many household savings are tied up in compulsory savings accompanying formal loans means that they do not play necessary preventive roles in meeting income deficits and managing crises.⁵⁸ Of those able to save through other channels, some had managed to overcome formal barriers to opening up bank accounts,⁵⁹ some had invested in land or agriculture in the village, some had purchased gold, and others had saved in life insurance policies or fixed deposit and duration savings accounts. Life insurance policies and fixed deposit schemes also render savings inaccessible for the duration of the policy, in some cases up to 12 years. Several members of these schemes spoke of the financial pressures they faced in meeting monthly deposits and worried whether their savings would be sacrificed as a result.⁶⁰ House-owners are much more likely to have savings: over half (54 percent) have at least one form of savings, in comparison with only 27 percent of tenants. This is a combination both of the reduced costs of living (through not paying rent), the additional incomes many receive as landlords, and their greater likelihood of having a bank account.⁶¹

⁵⁸ Households have to undergo a specified period (between three to four weeks) of compulsory savings prior to taking a loan, as well as for the duration of the loan, which acts as a limited bond for the microfinance provider. If loan repayments cannot be made one week, this can be deducted from savings. Other households reported ‘closing’ their loans early by using their savings to pay off the remainder of their loans, rather than taking their savings back at the loan’s end. To this end, therefore, they also rarely play the second role of accumulating capital for investment needs.

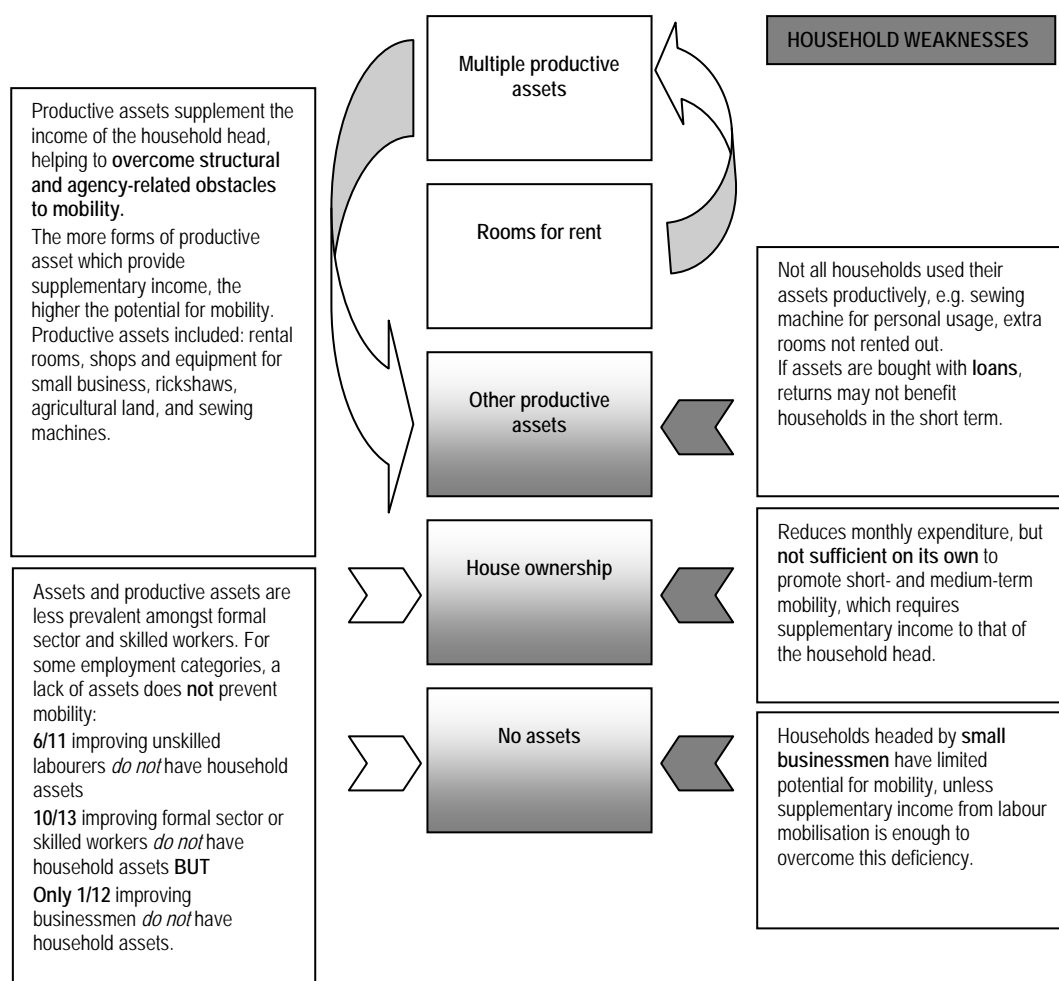
⁵⁹ Opening a formal bank account requires a land holding number to prove property ownership, a bond/deposit, and a reference from an existing account holder. It is the wealthier, well-connected households that have managed to overcome these obstacles.

⁶⁰ Those who had stopped paying their deposits were unsure of whether they would be able to withdraw their savings or resume at a later date. Another notable feature of savings opportunities is considerable uncertainty with security: experiences of fraudulent institutions deterred many households from joining savings institutions, with some households having lost large sums this way in all four of the communities.

⁶¹ This difference remains even if compulsory savings that accompany formal loans are not considered (since these do not play the same role in consumption-smoothing and

The accumulation of physical assets through savings or borrowing is another strategy through which households minimise risk, diversify livelihoods opportunities, increase household resilience and prepare for future crises (Jabeen et al. 2010). Just under a third of households own their own house, and 30 percent own at least one productive asset, such as rental rooms, shops and equipment for small businesses, rickshaws, agricultural land and/or sewing machines. House ownership is closely interlinked with having other productive assets, highlighting the limited scope for tenants to accumulate assets. Nearly 70 percent of house owners have additional productive assets, in comparison with only 12 percent of tenants. Assets are particularly important (and prevalent) among those running small businesses. Half of households supported by small business have at least one productive asset, and asset ownership differentiates between ‘coping’ and ‘improving’ businesses. Improving businesses own not only their own rooms, but also other forms of asset that allow their business to operate at greater scale and profitability (Figure 11).

Figure 11. Household assets and their influence on household mobility



investment). Removing compulsory savings from these figures, 34 and 18 percent of house owners and tenants, respectively, have other forms of savings.

4. Living environments: land, housing and service provision

4.1 Land and housing

Land and housing are central to livelihoods security for the urban poor. While Bangladesh's Poverty Reduction Strategy Paper finds a close nexus between housing and poverty, and the National Housing Policy acknowledges the rights of the urban poor to housing, there has been limited government action in this sphere, given its specified role as an enabler – rather than provider – in the housing market (Rahman 2001; World Bank 2007; Shafi and Payne 2007; Islam et al. 2007; Jahan 2011). Government interactions with the urban poor, therefore, are largely limited to eviction threats and practice. At least 135 evictions were carried out between 1975 and the early 2000s (World Bank 2007). In 1999, a large-scale government slum demolition programme implemented over 30 of these until organised opposition culminated in a landmark ruling that forbade future evictions without adequate rehabilitation plans (Paul 2006). Despite this ruling, evictions persist. Recent reports highlight that 58 evictions were carried out between 2003 and 2004, and a further 27 *bustees* between 2006 and 2008 destroyed not only housing and infrastructure, but also productive assets, household belongings and social support networks of *busteebashees* (Baten et al. 2011). Insecurity, therefore, dominates the lives of the urban poor,⁶² and a lack of tenure security has been named as one of the defining characteristics of a *bustee* in Bangladesh (CUS et al. 2006; Ahmed 2007). Tenants in *bustees* on private land are afforded some level of tenure security, given the landlord's ownership of the land (Roy, Hulme and Jahan 2012). In contrast, those building houses on public land have squatter status.

Rapidly burgeoning low-income urban populations due to outgoing migration and natural population growth put great pressure on urban land. This results in the density of *bustees* being seven to 10 times higher than among wider city populations (CUS et al. 2006; World Bank 2007; LCG 2010).⁶³ Increasing scarcity of public land and the discovery by private landlords of the lucrative business of *bustees* has led to the emerging centrality of privately-owned settlements in

⁶² Tenants living in *bustees* on private land are afforded a greater sense of security than those on public land, perceiving their main eviction threat as a failure to pay rent (see, for example, Roy, Hulme and Jahan 2012). With skyrocketing land prices, however, landlords face increasing incentives to find more profitable returns to their land, such as selling for development purposes.

⁶³ The average population density across *bustees* in the six city corporation was 205,415 people per km², an extraordinary figure when also contextualised against the fact these were almost universally housed in single-storeyed rooms. There was considerable variation across these cities by size, with the two largest cities having the highest densities. Rajshahi, for example, had a population density of 67,236 persons per km², while Chittagong, Bangladesh's fastest growing city had the highest density of 255,100 persons per km², making its density 11 times that of the over city. Dhaka, the largest city, has a density of 220,246 persons per km², seven times higher than the average for the city as a whole (CUS et al. 2006).

urban poor housing.⁶⁴ While public land has traditionally been the main location for *bustees*, their future seems to be predominantly on private land. While the largest *bustees* are situated on public land, nearly 90 percent of informal settlements are now located on private land (CUS et al. 2006; Angeles et al. 2009).

Informal *bustee* housing supplies an estimated 35 percent of dwelling units across Bangladesh's first six city corporations (Islam et al. 2007). These are predominantly low quality, built from corrugated iron, thatched bamboo partitions, palm leaf, wood, or plastic sheeting (CUS et al. 2006; Ahmed 2007; Begum 2007; Jahan 2011; Roy, Hulme and Jahan 2012). In some *bustees* on private land, cement block rooms are beginning to emerge at a higher rental cost. Informal land markets for buying and selling rooms exist in public settlements, regardless of eviction threats, resulting in high levels of tenancy and a distinct social hierarchy between landlords and tenants (Table 3).

Three settlements are characterised by high levels of tenancy in which a small number of landlords own and control the rental market. Monthly rents range from 500 to 1,200 taka per room, depending on size, quality, and service availability, meaning that landlords can generate significant additional incomes. Subsequently, the average incomes for landlords are consistently higher than tenants, ranging from 47 percent higher in Gulshan-services to double in Mirpur-services. Unsurprisingly, therefore, tenants view landlords owning over 10 rooms not "real *busteebashees* like us" (Banks 2010). Landlords owning up to four rooms were not distinguished from tenants, recognising that, given the insecure urban environment, they too could struggle to make ends meet. That landlords within the *bustee* are of a different social hierarchy is evident in terms of power as well as finances. It is not easy for 'typical' *busteebashees* to enter into the *bustee's* housing market, as Jobed's experience illustrates.⁶⁵ He had been a successful contractor, carrying out contracts for big construction firms. When his business was running well, he had tried to buy some rooms in the *bustee*. After a conflict with the house-owner, however, he was sent to jail for a day, because the house-owner and his *mastaan* comrades expected large bribes. His mother told him to avoid such troubles by not trying to buy a house, and he has rented ever since.

⁶⁴ In a rush to maximise financial gains, private landlords squeeze as many new poorly-constructed and under-serviced dwellings onto their land as possible, without considering services requirements for the population density. In Khulna, for example, landowners have speedily erected new dwellings to accommodate a rapid influx of new migrants after the region was devastated by Hurricane Aila, but have not expanded or installed new services, resulting in the same number of facilities being used by an increased number of people (Roy, Jahan and Hulme 2012).

⁶⁵ Names are changed for anonymity.

Table 3. Socioeconomic indicators by research site

	Gulshan-No services	Gulshan-services	Mirpur-No services	Mirpur-services
Dominant form of housing	Tenancy (66% hhs)	Tenancy (83%hhs)	Owner-occupation (67% hhs)	Tenancy (78% hhs)
Mean monthly income	6,736 taka	5,396 taka	5,662 taka	6,777 taka
Monthly rental prices (Modal rent, including water and electricity) ⁶⁶	800 taka	700 taka	700 taka	1,000 taka
Mean monthly income (landlords)	9,010 taka	7,834 taka	6,361 taka	11,926 taka
Average no. rooms owned (by landlord)	3.8	6.7	1.5	6.6
Range of rental rooms owned by owner-occupiers	1-12 rooms	1-16 rooms	1-6 rooms	1-22 rooms

Despite early public and private efforts from the 1970s to improve the housing situation of the urban poor, these stagnated. Land allocations, housing development schemes, and housing finance opportunities have instead benefited higher- and middle-income groups or been used as a source of patronage for those in government office (Shafi et al. 2007). Mohit (2012) reviews past housing and slum improvement programmes in Bangladesh from the government's first attempts in 1975 to resettle low-income residents through sites and services schemes. In the 1980s, the government partnered with UNICEF to conduct slum upgrading programmes, upgrading infrastructure in 18 settlements of Dhaka. With a weak focus on maintenance, this initiative experienced limited success. A Slum Improvement Department was later established within Dhaka City Corporation in the early 1990s, but remains severely hindered by a lack of funding (Mohit 2012). Government programmes have also sought to encourage *busteebashees* to return to their rural homes through financial incentives under the 1999 *Ghore Phera* ('Back to Home') programme, but this had low take-up and was unable to

⁶⁶ Where average rents are lower in Gulshan-services and Mirpur-No services, mean incomes are also lower, suggesting that the lowest-income households search for low rents (but at a cost, as less connected to the benefits associated with living in an area well connected to the external world). There are limited options to search for low rents, however, even within these communities.

prevent migrants from returning to the city (Mohit 2012). More recently, the Urban Partnerships for Poverty Reduction Programme (UPPR)⁶⁷ is the first consolidated approach to urban poverty reduction at scale in Bangladesh. A lack of tenure security, however, left the first phase unable to address housing. Tenure security is a prerequisite to moving forwards in a strategy for urban poverty reduction, given its role in reducing household vulnerability and facilitating greater investment in housing and services by house owners, tenants, service providers and NGOs (Shafi and Payne 2007; Jabeen et al. 2010; LCG 2010; Ahammad 2011; Roy, Hulme and Jahan 2012; Roy, Jahan and Hulme 2012).⁶⁸

The private sector is playing an increasingly large role in housing provision for the urban poor. Landowners recognise the lucrative income-generating opportunities offered by erecting poorly serviced rental shacks on their land, rather than leaving it empty while it speculates. These *bustees* may be much smaller in size than their counterparts on public land, but are now a major player in the housing market. On recent ClimUrb fieldwork in Chittagong we found private landowners moving away from building temporary shacks made from corrugated iron to building concrete single-storey rooms and, more recently, constructing four- or five-storey apartment blocks. Rental prices for these rooms were not significantly larger than nearby shack rental – 4,000 taka per month in comparison with around 2,000 for a shack made from corrugated iron and 3,000 taka for one made of brick. That they cost large sums more to erect suggests that incentives driving this are as likely to be founded in motivations to establish greater security on informally unoccupied land. It is much more difficult to demolish and evict a permanent building than a mass of poorly constructed one-storey shacks.

4.2 Services and the physical environment

Often located on low-lying, flood-prone land with poor drainage capacity, environmental vulnerability characterises many low-income settlements (Rashid 2009; Ahammad 2011; Braun and Abheuer 2011).⁶⁹ In some areas, rows of

⁶⁷ This replaces its predecessor, the Local Partnerships for Urban Poverty Reduction programme (2000-2007).

⁶⁸ Government perceptions that granting tenure security will induce further migration from rural areas underlie their unwillingness to move forwards in this direction, having a knock-on effect on the ability and willingness of donors and NGOs to implement programmes in *bustees* (Rashid and Hossain 2005; Ahmed 2007; Rashid 2009; Banks, Roy et al. 2011). With no government-provided social services in *bustees*, NGOs are an important substitute. One in five *bustees* in Dhaka have an NGO-operated clinic, and a further 27 percent have an NGO-operated school. *Bustee* residents are still unlikely to send their children to school, however. NGO programmes have been subject to criticisms from *bustee* residents in Dhaka for not meeting their needs and priorities, by focusing on issues such as health education over the provision of basic services and infrastructure (Banks 2008; Joshi et al. 2011). In reality, Joshi et al. (2011) find, a lack of toilets and sanitary facilities in *bustees* is not a result of low demand or limited health and hygiene knowledge, and such an approach exacerbates existing inequalities and indignities.

⁶⁹ Of course, it is not only the urban poor that who are subject to environmental vulnerability, with Bangladesh's main cities characterised by unplanned growth and its consequences in terms of water and air pollution, crowded and congested streets, the filling in of water bodies, amongst others. Their exposure to environmental hazards is,

houses, or 'hanging shelters', are built on stilts over canals and water bodies with no infrastructural facilities at all (Nahiduzzaman et al. 2006). An estimated 7,600 Dhaka households live in *bustees* within 50 metres of rivers and at frequent risk of flooding, a problem that has become exacerbated by the systematic filling of water retention ponds across the city (Wood and Salway 2000; World Bank 2007; Begum 2007; Shafi and Payne 2007). That urban growth has been consistently faster than the growth of infrastructure and services exacerbates environmental vulnerabilities, leaving large numbers of the population outside these provisions (Rana 2011; Rabbani et al. 2011).

Safe and hygienic water and sanitation facilities, solid waste management services,⁷⁰ and community infrastructure, such as footpaths and drains, are all limited in *bustees*. This leads to an overflow of waste water, muddy and flooded conditions, and the scattered disposal of solid waste, escalating exposure to illness and the widespread menace of mosquitoes and other disease-carrying insects (Rashid 2009; Hanchett et al. 2003; Chowdhury and Amin 2006; Rahman et al. 2010; Roy, Hulme and Jahan 2012). The urban poor's exclusion from services and infrastructure goes beyond physical availability, and extends to political, institutional and economic factors (Akbar et al. 2007). These include laws prohibiting service providers from delivering services to households lacking a land holding number,⁷¹ NGOs' unwillingness to invest in *bustees* under threat of eviction, poor coordination among government departments and service providers, and institutional incapacity, with urban local governments having an unrealistic set of functions within tight funding constraints (Matin 1999; Akbar et al. 2007; Banks 2008; Ghafur 2000).

Resource scarcity has led to distinct patterns of social leadership in the *bustee* that dictate the terms and conditions under which residents live (Matin 1999). *Busteebashees* access water supplies from multiple sources brought into *bustees* by often leaking and haphazardly patched together illegal water-pipes, including water taps, hand-pumps, tubewells, informal piped water supplies, water kiosks and earth-wells.⁷² The majority of households have electricity connections, but

however, most severe. Lacking sufficient drainage infrastructure and often located near or atop garbage-strewn water bodies, *bustees* are particularly prone to flooding, causing – alongside major health hazards – difficulties securing regular employment and stable livelihoods.

⁷⁰ While responsibility for solid waste management is held by municipal authorities, the magnitude of the problem is well beyond that of their capacity (Sujaddin et al. 2008; Bhuiyan 2010). Innovative initiatives for solid waste collection and disposal do hold promise, however. Bhuiyan (2010) argues that municipal governments should be more supportive of private and community initiatives that have arisen to fill service delivery gaps and, likewise, Sujuddin et al. (2008) find that in the absence of well-managed municipal initiatives in Chittagong city, large proportions of *bustee* households are willing to spend between \$0.30 and \$0.40 per month for a local waste management initiative, depending on the volume of waste generated.

⁷¹ A document that proves legal ownership of a house and the land on which it is situated.

⁷² Over 90 percent of *bustee* households across the six city corporations have access to electricity, ranging from 72 percent in Rajshahi to 95 percent in Dhaka and Barisal (CUS et al. 2006). Residents recognise that they pay a high price for electricity, costing up to

these too are accessed illegally (Banks 2010).⁷³ Low quality and irregular supply and restrictions on usage mean that water shortages and electricity crises remain among the dominant household environmental problems reported by *bustee* households (Rahman et al. 2010).

In the absence of legal service provision, parallel systems of informal provision are mediated and controlled by powerful unelected local leaders and *mastaans* (or ‘musclemen’) (Banks 2008). Drawing on their political affiliation, powerful businessmen in the *bustee* tap into water supplies and negotiate with water officials to ensure ongoing supplies,⁷⁴ distributing these services at high prices to *busteebashees*, in the process creating a multi-tiered system of dependency (Baumgart et al. 2011; Hossain 2011; 2012). Estimates suggest that *busteebashees* pay the equivalent of 10 to 15 times the unit cost of piped water through these informal channels (Akbar et al. 2007; Baumgart et al. 2011; Rana 2011).⁷⁵ Similarly, *mastaans* connect rooms to illegal supplies and charge high monthly fees. While residents recognise their dependence on these figures for service access, they also recognise the high costs it entails in terms of price and quality.⁷⁶

120 taka for each electricity point required. Prices also fluctuate seasonally, increasing during the summer months to cover additional costs, such as fan usage. This was unpopular among tenants, however, who recognised that a greater number of power outages at this time restricts their usage at the same time (Banks 2010).

⁷³ For those not connected to electricity supplies, this tends to be a household choice for reducing expenditure, rather than an inability to get their household connected to supplies.

⁷⁴ Hossain (2011, 2012) details the nature of these political relationships, with businessmen cultivating maintaining relationships with community leaders, administrative staff of service delivery agencies and political leaders. Decisions within service delivery agencies are political, evaluated on the basis of expected political gains in political and electoral support and on the personal interests of ward commissioners and MPs, who make strong recommendations to service authorities with regards to service priorities (Hossain 2011). Rather than being based upon statutory institutions and regulations, therefore, service delivery for the urban poor is instead rationalised politically, reflecting individual interests rather than the wider urban poor community.

⁷⁵ While pricing mechanisms vary according to the businessman supplying them, common across all informal supplies is their high price. Some households pay fixed monthly fees to access piped connections at certain restricted times of day, but these tend to be geographically restricted to areas closer to the water network and require that landlords have sufficient social networks to access and maintain the connection. In areas lacking these two dimensions, households are more reliant on water bought at water kiosks, buying water by the *galosh* or jar, costing two taka per jar, but increasing to three taka in the hot summer months. This is a more expensive method for accessing water, with households estimating a cost totalling between 300 and 400 taka per month, depending on household size, in comparison with the 120 to 150 taka paid per household, in addition to rent where piped water costs exist. Water supply is very restricted in some places. In Mirpur-No services, for example, households each paid 120 taka a month to access water taps, shared between six and eight households, which were switched on for only 15 minutes twice a day.

⁷⁶ As Section 6 explores in greater depth, it is not only services to which *mastaans* control access. This powerful group link the otherwise excluded poor to multiple livelihoods requirements, such as employment, shelter and residential security, through a process of adverse incorporation in which the urban poor are integrated into a system of clientelism and dependency in their search for security (Matin 1999; Wood 2003; Banks 2012).

Climate change is an increasingly important influence exacerbating an already complex and vulnerable livelihood context (Banks et al. 2011; Roy, Hulme and Jahan 2012).⁷⁷ As well as accelerating urbanisation by displacing a greater number of environmental refugees,⁷⁸ more frequent, severe and prolonged weather events add an additional layer of stress by increasing the environmental hazards that low-income urban households face in a context of limited services and infrastructure, densely populated and environmentally vulnerable habitats, and their limited adaptive capacity for mitigating or coping with climate change impacts (Tanner et al. 2009; Jabeen et al. 2010; Banks et al. 2011; Roy, Guy et al. 2011; Roy, Jahan and Hulme 2012).⁷⁹ Climate-induced hazards affect the livelihoods of Dhaka's urban poor on a near-annual basis, destroying houses and belongings, increasing exposure to disease flooding and inundated sanitation facilities, and through disruptions to employment (Rashid 2000; Braun and Abheuer 2011; Rabbani et al. 2011; Haque et al. 2012).⁸⁰ Within this context, households and communities must find coping and adaptation strategies to minimise risks to these threats.

4.2.1. Coping strategies and adaptive behaviours in a context of climate change

The impacts of climate change are neither the only, nor the primary challenges the urban poor face, but will compound and exacerbate the risks and challenges they already face. Subsequently, efforts to address climate change-related challenges and risks facing the urban poor must embed these within their other difficulties and priorities (Tanner et al. 2009; Ahammad 2011; Roy, Jahan and Hulme 2012). Increased heat and rainfall are the two changes that low-income urban households in Dhaka perceive to be the greatest risk to their livelihoods, leading to flood damage to homes and infrastructure, water-clogging, water-borne

⁷⁷ Some regions and cities will face particularly pronounced climate change impacts. Situated in south-west Bangladesh, where the consequences of climate change are expected to be particularly severe, nearly all of Khulna's residents have been affected by one or more major problems of flooding, cyclones, water logging, and groundwater salinity, problems which will be exacerbated with increasing numbers of environmental migrants from nearby rural areas (Roy, Hulme and Jahan 2012). Built along hilly land along the coast in Chittagong, low-income city residents are vulnerable to landslides, cyclones and tidal surges as well as flooding, in addition to the slow onset risk of sea-level rise (Tanner et al. 2009; Ahammad 2011). Unplanned urban development in Chittagong has led to massive hill-cutting across the city's periphery, and since 1997 landslides have killed nearly 400 people in the city (Ahammad 2011).

⁷⁸ Bangladesh's government acknowledges that six to eight million people could be displaced and in need of resettlement by 2050, many of whom will be low-income households migrating from rural to urban areas (GoB 2009, in Roy, Jahan and Hulme 2012).

⁷⁹ Adaptive capacity is the ability of a system, population or individual/household to undertake actions that help them to avoid loss and speed recovery from climate change impacts (Satterthwaite et al. 2007).

⁸⁰ That economic factors take precedence over environmental considerations when considering where to live is apparent in the fact that incentives to attract the relocation of *busteebashees* to less flood-prone areas are not sufficient, unless accompanied by long-term employment opportunities (Rashid et al. 2007).

diseases, damaged possessions, lost working days and increased health expenditures (Jabeen et al. 2010).

Climate change impacts are likely to affect the poorest urban residents disproportionately, but are not necessarily distributed evenly. Some impacts – such as increased heat stress or increased food prices – will be universal, while others, such as flooding, will be more localised, with physical, tenure-related, socio-political and institutional factors making them more significant in some settlements – or even corners of settlements – than others (Jabeen et al. 2010; Banks et al. 2011). Geographic features increasing environmental vulnerability include proximity to water bodies, houses built on low-lying ground subject to subsidence and soil erosion, poor sanitation and drainage infrastructure, narrow lanes, inadequate circulation spaces and the use of temporary building materials (Jabeen et al. 2010; Roy, Jahan and Hulme 2011). In many *bustees*, landlords live on higher ground while building their rental units on lower-lying land. As a result, tenants experience more severe environmental risks of flooding and other related environmental problems.

Optimising the adaptive capacity of cities to climate change impacts must build upon household and community-level adaptive practices, but there is a disconnect between grassroots adaptation practices and formal institutional structures at the municipal and national level (Banks et al. 2011). Financial and institutional weaknesses limit the accountability and responsiveness of city governments to the urban poor. In Chittagong, for example, Ahammad (2011) highlights the separation between municipal governments and those most at risk in plans for disaster preparedness.⁸¹ While building climate change resilience requires coordination between national and municipal governments, it is municipal governments that are responsible for decisions on infrastructure provision, disaster preparedness and response, city planning, and services such as solid waste management (Tanner et al. 2009).

With financial constraints preventing them from living in physically risk-free environments, the urban poor must instead find ways to adapt to environmental problems, adaptations that will become more important as climate change impacts intensify (Jabeen et al. 2010; Banks et al. 2011). Households may lack funds for costly investments, but are making small and incremental adaptations, including reducing heat stress through green infrastructure and climate-proofing of dwellings (Jabeen et al. 2010; Roy, Jahan, and Hulme 2012).⁸² Tenants in

⁸¹ This is exacerbated at the national level, with Bangladesh's climate change adaptation policy overlooking the importance of strengthening urban governance capacities with regards to the urban poor, leaving most funding for adaptation and infrastructure investment going to wealthier parts of Bangladesh's cities (Ahammad 2011; Banks et al. 2011).

⁸² 'Green infrastructure' refers to the practice of planting vines on corrugated iron rooftops so to reduce heat stress. Hanging a *chanda* (a large patchwork cloth) in the roof also serves this purpose. Incremental upgrading of rooms includes building concrete 'lips' or barriers in doorways, raising storage and furniture above floor level, and building higher

private *bustees* have limited incentives to improve their rooms through these measures given their lack of claims to the land and dwellings in which they reside. Furthermore, profit-seeking landlords have little incentive to improve living conditions (Roy, Jahan and Hulme 2012).⁸³ Modifications to the built environment may also be at the neighbourhood-level, although collective action and cooperation – and sometimes external assistance – is necessary for investments in roads, pathways, drainage and improvements to open spaces. The most effective adaptation strategies, such as feeding neighbourhood drains into large systems, require implementation beyond the community (Jabeen et al 2010). In Chittagong, Rahman et al (2010) highlight that while households do develop household coping strategies for dealing with environmental problems, few feel empowered to find community solutions and expect resolutions to lie with the city council or utility providers. The consequences of living in vulnerable and risk-prone environments have devastating impact on ill health. The next section discusses experiences of chronic ill health and health shocks, before Section 6 looks further into the causes and consequences of social and political exclusion.

5. Health

The urban environment has detrimental impacts on public health across all income groups, with households in city corporations spending, on average, a quarter of their annual expenditure on healthcare (Mannan et al 2011). Health shocks are a major source of vulnerability among low-income urban households, but it is also important to recognise ill health as a chronic condition emerging from adverse living and working conditions. Crowded and poorly-serviced low-income settlements provide a ripe breeding ground for disease transmission, and this is compounded by a dependence on labour-intensive employment in a context of under- and malnutrition. Rickshaw-pullers in Dhaka, for example, require the strength and energy of an Olympic athlete but do this job in a context of malnutrition and deteriorating strength due to ageing and health shocks (Begum and Sen 2005).⁸⁴ Lacking sufficient access to health services compounds these

plinths and easy outlets for water run-off (Jabeen et al. 2010). It is not only physical adaptations that households use to reduce risk and losses and facilitate recovery from flooding and other climate change impacts, but also economic and social assets, with other coping strategies including those that help households manage stresses in other contexts and problems, such as building up stores of food and assets, diversifying income sources, and developing social support networks (Jabeen et al. 2010; Braun and Abheuer 2011; Roy, Jahan and Hulme 2012). That climate change impacts generally occur as a covariant shock that affects all households in a similar geographic area limits the use of social support networks after such crisis, creating obstacles to provide reciprocal financial, in-kind and/or emotional assistance.

⁸³ That external institutions such as NGOs prioritise larger public settlements for programme implementation exacerbates this. Landowners of private settlements are generally reluctant to allow locally-generated or externally-driven group activities, in case this results in some transfer of power or control to these parties (Roy, Jahan and Hulme 2012).

⁸⁴ Malnutrition is both a cause and effect of ill health in urban areas. Inadequate food consumption becomes a 'normal' crisis for the urban poor, given their dependence on cash incomes (Zingel et al. 2011) and the fact that the coping strategies used to manage struggling households – including reducing food costs by eating less nutritious foods and

problems, leading to a vicious cycle of cause and effect that perpetuates poverty and vulnerability. Regular flooding is an additional factor exacerbating health risks (Laston et al. 1993; Rashid 2009; Goudet et al. 2011; Zingel et al. 2011). It is unsurprising, therefore, that the urban poor have been named a 'particularly vulnerable' group in Bangladesh in terms of morbidity (Ahmed et al. 2003).

Dhaka-based surveys reveal that between 60 and 80 percent of *bustee* households report at least one adult recently falling sick,⁸⁵ with the burden of adult illness falling disproportionately upon households headed by unskilled workers and women (Kabir et al. 2000; Pryer 2003). Recent migrants display poorer health outcomes as they acclimatise to new and difficult environments (Islam and Azad 2008). These negative health outcomes extend to smaller secondary cities. Early research in Khulna highlighted the large numbers of work days work lost due to ill health (Pryer 1993), and a 2009 survey of the urban poor in 19 municipalities found nearly 60 percent of respondents reporting water and sanitation-related disease in the three months prior to survey (LCG 2010). Gender inequalities mean that women in particular are at much greater risk of ill health, both physical and emotional.⁸⁶ Infants and children are also an extremely vulnerable group, having not yet acquired immunity to infectious agents and starting life disadvantaged by the limited nutrition their malnourished mothers can provide during pregnancy.⁸⁷

Health-related shocks dominate income shock, resulting in catastrophic health expenditures that undermine household livelihoods and assets (Begum and Sen

skipping meals, particularly among women – also hampers their ability to meet nutritional needs. More than half of adults in Dhaka's *bustees* display a low body mass index (BMI), highlighting the severity of adult malnourishment, and this is particularly severe among adult women (Pryer and Rogers 2006).

⁸⁵ 'Recently' is measured by falling sick in the 14 days prior to the survey.

⁸⁶ One survey of nine *bustees* in Dhaka finds poor mental health outcomes and depression across the whole adult population (Gruebner et al. 2011). For women in particular, high rates of marital instability and spousal violence influence their physical, mental, sexual and reproductive health. Three-quarters of women across several cities reveal they have been abused by their husbands at least once in married life, with 45 percent reporting frequent violence (Salam et al. 2006). The level of assaults is serious, with 96 percent of abused women reporting physical violence (ranging from slapping, kicking, punching and hitting with heavy objects) and 78 percent revealing sexual violations. Marital instability is exacerbated by the changing gender relationships urban life brings, including greater freedom in work and movements outside the household for women, greater interactions between women and unrelated men, and the threat to masculinity caused by the centrality of female contributions to household income, which in some cases leads women to assert greater bargaining power in the household (Kabeer 1997; Jesmin and Salway 2000; Salam et al. 2006).

⁸⁷ Morbidity rates among the under-fives reach 25 and 40 percent for diarrhoea and respiratory illness, respectively, and stunting in urban areas, at 68 percent, is far above the national rate of 49 percent (Goudet et al. 2011). The Urban Livelihoods Study in Dhaka found the prevalence of illness to be highest among under-fives (Pryer 2003). Gender differences are apparent even at an early age. Hossain et al. (1999) find mortality rates for boys and girls at 20.5 and 27.0 per 1,000, respectively, with costly treatments prioritised to sick boys in households earning less than 2,500 taka per month.

2005; Banks 2010; Walsham 2011).⁸⁸ With medical costs squeezing incomes and depleting resources at the same time as working hours are lost,⁸⁹ many households must resort to bridging loans, leading to financial pressures continuing long after the short-term shock. Recurring income shocks can also erode a household's broader social networks when they have exhausted all channels of borrowing and can no longer engage in reciprocal self-help networks.

While there are more health facilities in cities, they are subject to large inequalities in terms of access (Ahmed et al. 2003; Walsham 2011). High costs, inadequate provision of public services and limited health knowledge all act as barriers to health services for the urban poor (Laston et al. 1993; Ahmed et al. 2003; Hossain 2005; LCG 2010; Goudet et al. 2011; Walsham 2011).⁹⁰ Only seven percent of *bustees* in Dhaka have access to a public health clinic (Rashid 2009) and the 2006 Urban Health Survey (UHS) finds only 51 percent of *busteebashees* reporting health programmes or facilities in the community (Walsham 2011). Health programmes reaching the urban poor are run primarily through NGO partnerships, but cannot meet current, let alone future, health needs (Walsham 2011).⁹¹

Low-income households, therefore, resort to traditional healers (or 'quacks'), pharmacies, or self-treatment. Up to 60 percent of *bustee* households in Dhaka purchase medicine from pharmacies without the consultation of trained physicians (Hossain 2005), the dangers of which can be illustrated starkly from one case study. I had tried to interview one household for several days, but due to the illness of Ahmed, its household head, I was asked to return when he was better. One day we arrived to see him sitting up in bed, still unable to work, but feeling strong enough to talk to us. He had been ill for several weeks and had

⁸⁸ Banks (2010) finds that households supported by formal sector or skilled workers are not only less likely to suffer multiple shocks, their shocks are also less likely to be health-related and more likely a result of financial losses through employment, including failed businesses, savings lost through fraudulent businessmen and assets lost through theft or fire. Those with permanent contracts have some employment security, but for the many service holders with temporary contracts, illness also threatens job security, with many returning to work after sick days to find their jobs no longer available.

⁸⁹ Out-of-pocket health expenditures can be large and unpredictable, and in general, poverty measurements are not sufficiently adjusted to include them. Subtraction of Bangladesh's out-of-pocket expenditures from total resources was found to increase the country's poverty headcount by almost four percentage points, for example, the equivalent of nearly five million people (Van Doorslaer et al. 2006).

⁹⁰ Access is, of course, influenced by affordability as well as physical availability. A survey of *bustee* households in Narayanganj found increases in income correlated with higher spending on medical costs, as well as health improvements, suggesting that income is a significant factor in the ability of households to invest in healthcare (Walsham 2011).

⁹¹ These include the Urban Primary Healthcare Programme (run by Asian Development Bank (ADB) and other donors in collaboration with the Ministry of Local Government, Rural Development and Cooperatives), the *Manoshi* programme providing maternal health care services in *bustees* (a Gates Foundation-AUSAID funded programme in collaboration with BRAC), the urban and rural Smiling Sun scheme (USAID funded) and other NGOs working in urban areas, predominantly Marie Stopes (see Walsham 2011 for further detail).

spent a large amount of money at the pharmacy on medication. Tipping the medicine from the pharmacy bag, it was starkly obvious that this medication would not be curing his sickness. The pharmacist had 'prescribed' four different types of medicine to ensure they targeted the right illness. Even if one of these was the correct medicine, the two pills prescribed would be insufficient to cure the illness. Equally as bad are the physical repercussions on an already weakened system of taking three unnecessary medications.

This vicious cycle of severe and systemic health problems dampens opportunities for, short-, medium-, long-term and intergenerational economic mobility. Health problems cannot be seen as stand alone. As both a cause and consequence of poverty, health issues must be viewed within the context of economic, social and political inequalities that shape the collective experiences and exclusions of the urban poor (Rashid 2009).

6. Social and political exclusion

As we have seen, the drivers of urban poverty are deeply embedded in the social and political processes that limited the access of low-income residents to better incomes, assets, services and employment opportunities. The complex urban political economy is amongst the biggest obstacles facing the urban poor. It fuels their social and political exclusion, leaving vast segments marginalised from local politics and formal decision-making processes. In this context, urban poverty reduction becomes not simply a question of technical support and service delivery, but of challenging and changing political relationships so that the urban poor become fully integrated into formal governance structures and processes. The ability of the urban poor to benefit from wider processes of urban governance is dependent on a system where their votes count, a pro-poor municipal government has some capacity to deliver, and a dynamic civil society that can press the case for the urban poor and work towards an open and accountable relationship between state and civil society (Devas 2001; Banks 2011b). Lacking this formal integration, *bustees* have become integrated into local and municipal governance processes informally, at the cost of rising inequality. While one can argue that citizenship in rural Bangladesh is only partial, in urban areas the lack of access to political and civil rights is even more severe (Banks, Roy and Hulme 2011).

Bangladesh's inefficient two-tier system of urban governance creates significant problems, not only in urban planning and policy generally,⁹² but also in

⁹² The urban governance structure of Bangladesh has yet to sufficiently develop to address the rise of urban poverty (Panday and Panday 2008), reducing the ability of municipal governments to develop meaningful partnerships with diverse actors concerning low-income settlements (Roy, Jahan and Hulme 2011). Until now, urban planning and policies have been fragmented in Bangladesh, with core thinking about planning, municipal governance and finance, urban poverty and migration taking place independently, rather than under a holistic framework (Rahman 2011b). Past efforts for

addressing problems of urban poverty specifically (Islam 2006; World Bank 2007; Banks et al. 2011; Banks 2011b).⁹³ While municipal governments are best-placed to address urban poverty, central government is reluctant to hand over power and resources to a democratically elected government, for fear of its capture by the opposition. This greatly constrains the powers, functions, jurisdictions and financial capacities at the municipal level (Banks 2008; Banks 2011b). A lack of commitment to urban poverty at the national level is therefore intensified through a cacophony of problems at the municipal level,⁹⁴ including under-funded and overstretched municipal governments that lack accountability and responsiveness to the urban poor, particularly given that they lack a mandate for urban poverty reduction. A poorly coordinated institutional network of actors involved in planning, management and service provision exacerbates problems.⁹⁵ Improved responsiveness and accountability of these actors to the urban poor would better integrate the urban poor into formal processes (Jahan et al. 2011). Given the deficiencies in formal governance processes, institutions and processes of 'informal' governance have emerged within *bustees* that are so deeply engrained within formal governance structures and processes that one can ask whether they be called 'informal' at all.⁹⁶

6.1 Coping amidst social and political exclusion: the search for patron-client relationships

Amidst a lack of formal institutional support, clientelistic relationships have come to personalise the nature of politics and the broader forms of participation through which the urban poor gain access to services and opportunities through their dependence on socially and politically influential actors and 'problem-solvers'

planning and managing Bangladesh's urban areas have failed to consider the rapid physical and socioeconomic changes taking place, the strength and capacity of agencies involved, and the resources required for implementation, leaving a vast gap between ambitious plans and what is achieved (Nahiduzzaman et al. 2006; Begum 2007).

⁹³ Not only, therefore, must the troubled relationship between national and municipal governments be reconciled for progress in urban poverty reduction, the large gulf between local government institutions and service providers and the urban poor must also be addressed (Banks 2011b).

⁹⁴ While policies and actions to tackle poverty have been part of the policy debate within Bangladesh since its Liberation in 1971, policy and action have continued to overlook urban poverty and its causes and consequences for a number of reasons, including national image and identity, the political economy of urban poverty and existing knowledge and perceptions (see Banks et al. 2011 for greater detail). This has led one proponent of a stronger focus on urban poverty to highlight that all governments since Liberation have been 'anti-urban poor', acting in contradiction to their stated policies (Islam et al. 1997).

⁹⁵ With over 40 government agencies, authorities and service providers within Dhaka city alone, coordination across the multiple local authorities and service providers remains one of the biggest obstacles to improved service delivery (World Bank 2007; Panday 2007; Panday and Panday 2008; Ahmed 2012).

⁹⁶ This was raised in response to a conference paper presented at the 'Forty years of Bangladesh' conference in Dhaka, November 2011 (See Banks 2011b). Thanks to Jo Devine for raising this thought.

(Banks 2008).⁹⁷ Lacking a formal set of entitlements, the process of facilitating and maintaining patron–client relationships is a high priority, through which *busteebashees* try to manage uncertainty and improve access to employment, finance, physical and social support (Jahan et al. 2011; Banks 2012). Patron–client relationships are defined as a reciprocity of exchange based on economic structures of exploitation, political structures of domination and ideological structures of consensus and control (Lewis 2011). These relationships exist at multiple levels that provide varying degrees of support, depending on the connections a household has. For most, these relationships of dependency assist in little more than survival (Wood 2003; De Wit and Berner 2009). For the better connected, however, these connections can be a lucrative source of resources, with local leaders – the *mastaan* figures discussed in Section 4.2 – distributing resources and opportunities within the *bustee* to consolidate and expand their power and control. Within this context, the ability to build and sustain multi-level social networks acts as the main foundation for survival and improvement (Jahan et al. 2011).⁹⁸ Crucially, the urban poor do not just have one patron. Urban life is a complex mesh of patron–client relationships, within which the poor seek their multiple needs at different levels from employers, landlords, politicians, local representatives, *bustee* leaders, moneylenders and other stakeholders, in the process rendering themselves subject to the whims and wills of these same individuals.

The following diagrams map rewards and exploitation in a *bustee* setting, revealing the informal channels through which claims, rights and entitlements are negotiated in a *bustee* setting (Figure 12) and the opportunity landscapes of patron-client networks that different groups of low-income urban households can access (Figure 13). Externally connected leaders have the multi-layer networks necessary to bring in information, resources and opportunities to the *bustee*. A household's prospects for accessing these resources depend on being internally well connected. This relatively small group of households may lack external connections, but have the right *kind* of social connections to benefit from these resources brought in by *bustee* leaders. These structural relationships mean that the distribution of power, resources and opportunities is confined to a relatively small elite circle (Banks 2012). Meanwhile, those at the bottom of the hierarchy

⁹⁷ Patron-client relationships are important at every level in Bangladesh. Through them, individuals seek to minimise risk and gain access to resources and social security in the absence of formal rights and alternative livelihood options regardless of the long-term sacrifice this may entail (Wood 2003; De Wit and Berner 2009; Lewis 2011). Patron–client relationships are defined as a reciprocity of exchange based on unequal rank, with three important characteristics: economic structures of exploitation, political structures of domination, and ideological structures of consensus and control (Lewis 2011).

⁹⁸ Subsequently, poverty is defined not only in terms of income by the urban poor, but also in terms of social connections and power. *Busteebashees* in Dhaka, for example, defined poverty based on a household's power, position and networks, with the 'non-poor' being those with strong political networks, social networks inside *and* outside the *bustee*, and/or those who are part of *bustee* leadership or from socially respectable classes (World Bank 2007).

may work hard to establish and consolidate patron-client relationships, but lack the connections necessary to move their benefits beyond survival.

Given the importance of social resources in survival and advancement, all households further seek to improve and extend their social contacts by providing trustworthiness, hard work and reliability, through which they seek to establish and maintain patron–client relationships that may offer future returns in borrowing arrangements for cash or food amongst neighbours or employers (Banks 2012).⁹⁹ These rarely lead to major rewards – such as new jobs, higher salaries or cash returns in other forms – but offer some level of protection that assists them to cope in crises. For rickshaw-pullers, for example, a good working relationship

Figure 12. Social hierarchies and patron-client relationships in a *bustee* setting¹⁰⁰

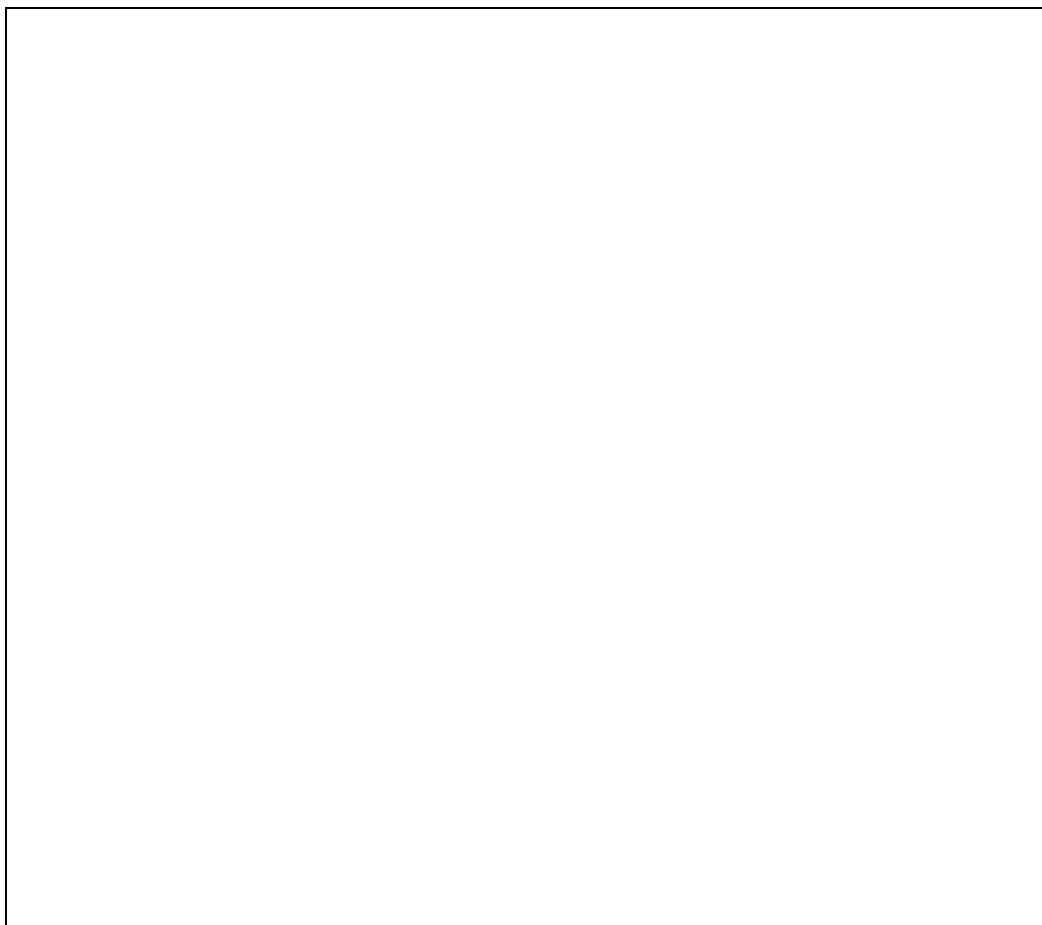


Source: Author's.

⁹⁹ In cities, individuals can extend their social connections through belonging to multiple 'communities' that are not just geographical, such as those based on gender, religion, ethnicity, or occupational status (Garrett and Downen 2001).

¹⁰⁰ This illustrates the social hierarchy within *bustees* on public land that have access to a local power structure, including actors at different levels – from street-level political leaders, to locally powerful economic elites, and to political elites at the city and national level (Roy, Hulme, Jahan 2012). *Bustee* residents suffer different political realities and access to support based on whether they live in low-income settlements on public or private land (Roy, Jahan and Hulme 2012). In private settlements, landlords hold negative views of community-based organisations (or leaders that they have not appointed to control and manage the community, such as through rental collection), perceiving them to create groupings and unwanted politics. They do not want to cooperate with them, or with NGOs, in case this should result in some transfer of power or control to these parties, leaving little or no channels through which resources and opportunities come into the community (Roy, Jahan and Hulme 2012).

Figure 13. Accessing security, employment and resources through patron–client networks



Source: Author's

with a garage owner can lead to short-term loans on reasonable terms (Banks 2012).¹⁰¹ Family members and neighbours, too, may offer support and assistance in crisis, but given their similarly insecure livelihoods, this channel offers few prospects for household advancement. In the constant search for immediate livelihood security, low-income households are forced to make the strategic choice of managing risk through these relationships of dependency, displacing longer-term prospects for improved livelihoods (Wood 2003). It remains in their interests to support local leaders, regardless of the fact that they are excluded from distribution channels. For those at the bottom, followers are not guaranteed tangible benefits or resources, but opposition would, at best, result in exclusion from benefits that arise, and at worst, hostility and retribution (Lewis 2011).

¹⁰¹ Where households have exhausted these channels, or where their social networks are very limited, they have to utilise more exploitative social networks, looking to moneylenders for their finance needs at great financial cost.

At the bottom of the pyramid, 'typical' *busteebashees* lack the 'right kind' of social connections.¹⁰² Most likely to be tenants paying high monthly rents and engaged in low-paid and irregular work, they are dependent on both top levels of stakeholders for access to shelter, services and security. Thus, these top layers of stakeholders consolidate their wealth and power through them, providing informal services and housing to the remaining *busteebashees* at high cost and low quality. These figures may also charge tolls to small businesses or extort money from those who do not support them. Their rewards can also be non-financial, using residents as vote banks to support local representatives in elections or to mobilise against eviction. Potential stakes and rewards are both higher as an individual becomes connected to social and political networks within and outside the *bustee*, with the patronage networks characterising *bustee* politics extending from the *bustee* all the way up to local authorities and political parties (World Bank 2007).

Local leaders, or *mastaans*, take their place at the helm of social hierarchies, drawing upon their influence and political connections to act as intermediaries between the *bustee* and service providers, elites and political and economic leaders. They are, to some extent, entrepreneurs, taking advantage of the vulnerabilities of *busteebashees* and the needs of politicians, services providers and officials in the form of votes, cheap labour and other support. Sometimes this requires violence or the threat of violence to impose their will and authority (Wood and Salway 2000; Banks 2008; Kabeer and Mahmud 2009; Roy, Jahan and Hulme 2012). It is external political connections that provide the major returns (Hackenbroch and Hossain 2012). Brokers outside a political party are likely to be ineffective because they cannot access those in decision-making and resource-holding power (De Wit and Berner 2009). With leadership positions upheld by political affiliation, members of opposing parties take control of activities when their government is elected into office (Hossain 2012).¹⁰³ In Bangladesh, power has alternated between the two main political parties in each successive election, providing incentives for leaders to grab as many resources as they can during their party's term in government.

Effective leadership may be central to community development – necessary for the role it plays in both managing existing and securing additional resources – but does not guarantee their egalitarian distribution (Woolcock 1998; Krishna 2001;

¹⁰² For the majority of low-income urban residents at the bottom of this pyramid, social networks remain *within* low-income settlements (Salway et al. 2003; Hossain 2005; Banks 2012). One survey of 500 low-income households across Dhaka, for example, finds that less than one in five (16 percent) have connections with those living outside their neighbourhood (Hossain 2005).

¹⁰³ It is this that means while the rewards of strong political connections and affiliations are high, the stakes too become higher, as when the opposition party comes into power the threat of 'retaliation' increases, such as extortion through tolls. For businessmen with strong vocal political affiliation, for example, this increases the risk that they will be targeted by *mastaans* and their comrades with *bhaki khay*, depleting their stock without ever paying their bills. The threat of violence means they are unable to prevent this.

Conning and Kevane 2002; Platteau 2004). The 'rewards' of these political connections instead allow *mastaans* to fulfil two goals: both appropriating resources for self-gain and rewarding their supporters. These supporters constitute the intermediary layer of 'internally well-connected' residents.

Benefits for supporters come in many forms. After negotiating with service providers to monopolise water and electricity supplies, they control some themselves and award the rights to supplies to businessmen in their closed circles.¹⁰⁴ Of the five electricity suppliers in Gulshan-no services, for example, two were members of political parties in the *bustee* and a third worked for a government department, highlighting the importance of political links and affiliation with leaders. Linkages with external employees are also used to reward their associates with the best forms and terms of employment. *Bustee* residents accessing their jobs this way secured permanent contracts, with high salaries, regular work, and other benefits (Banks 2012). Other resources coming into the *bustee* are also distributed this way, such as emergency distributions of food rations or blankets or the identification of beneficiaries for government social protection programmes.¹⁰⁵ It is unsurprising, therefore, that tenants complain that their resource entitlements through these channels do not reach them. After keeping some resources for themselves and rewarding supporters, the remainder are distributed across the *bustee* through landlords, who also take their share.

External networks are also used to protect the interests and possessions of *mastaans* and their affiliates. If rickshaws are stolen, for example, the right connections can ensure their return without bribe or payment. Connections can also protect leaders against prosecution when involved in criminal activities, and allow powerful leaders to file false cases against those who do not support or abide by their rules. As one rickshaw-garage owner explained:

¹⁰⁴ In doing so, they also restrict access to other businessmen wishing to enter into the electricity supply market. In Gulshan-no services, for example, several landlords had been able to install an electricity meter, allowing them to access electricity legally for themselves and their tenants. They were unable to act as suppliers, however, because of the dominance of the businessmen making large profits through monopolising supply, protecting this market capture through the power brought by their political affiliation and by the threat of violence, if necessary.

¹⁰⁵ In Gulshan-no services, one tenant illustrated how resources were distributed in the *bustee*, explaining that: "Even where help has been given, it never gets to poor households because it is all grabbed by the house-owners. At each link in the chain, some is grabbed, so by the time it reaches poor households there is none left. Those with a good relationship with local leaders get the most. The Ward Commissioner, for example, may give the leader of the *bustee* committee goods to distribute. That committee will grab some of those resources, and distribute the rest to those he has relationships with, particularly his supporters. The majority of these go to smaller house-owners with six or less rooms – they are more inclined to go and demand these goods, while larger households may be less inclined to go to the offices because they can manage their households better. But these house-owners keep all of these goods and none gets distributed to the tenants."

You do benefit from the power you get from being in a political organisation. I used this power to establish my business, and if any problems occur, it is easy to minimise my losses using this power – if, for example, someone does not pay me or my rickshaws are stolen.¹⁰⁶

Leaders also use their power to regulate access to public space, taking land under individual control for income-generation.¹⁰⁷

The intermediary level of 'internally well-connected' residents lack external connections outside the *bustee*, but have the right kinds of social network to benefit from this system of informal governance through economic and non-economic opportunities for self-advancement.¹⁰⁸ In the closed circle of the leaderships' trusted acquaintances, these are the lucky few who can access economic and non-economic opportunities for self-advancement through these leaders, including the best jobs, good business opportunities, protection, and other resources. In some cases, these households are relatives of *bustee* leadership circles. One 'improving' household in Dhaka had substantially improved his household after receiving rent-free housing from his brother, the community leader, who had also helped him access high-paid permanent contracts for him and his sons. In other cases, being a large landlord is indicative of a household being in the community's social and economic 'elite'.¹⁰⁹ Linkages can also be built through political affiliation,¹¹⁰ but those bringing the highest returns require active membership in the upper positions of *bustee*-level parties. These networks are closed to outsiders. Households outside these connections

¹⁰⁶ Although he did not explicitly detail the financial benefits of membership, these are indirectly revealed through his business history. He explains that he was able to buy his second rickshaw two months after his first one, suggesting his connections also helped him manage his financial capital, as the returns on rickshaw rental are not high enough to enable this otherwise.

¹⁰⁷ Hackenbroch and Hossain (2012) also detail how political individuals and institutions have come to regulate access to public space in a Dhaka *bustee*, including restructuring and taking under individual control the *bustee*'s internal market places (which had previously been common land), including rules, restriction and costs of operations, without any consultation of existing vendors and businessmen. After some time, this also enabled them to transfer some of the market space into private residences by the political leaders.

¹⁰⁸ Krishna (2004) details similarly in North India that households can make use of economic and non-economic opportunities for self-advancement only through direct or indirect external contacts.

¹⁰⁹ With patterns of land ownership established many years ago on long-established public settlements, owning informal rights to relatively large sections of land was only possible for the most influential individuals, which are then passed down generations in the family, or in some cases sold on to new owners with sufficient wealth to purchase them.

¹¹⁰ Walking into one *bustee* household, a large smiling poster of Sheikh Hasina is hung prominently, facing the entrance to the room. This is the first sign we see that the tenant is an active supporter of the Awami League party. His household has been gradually deteriorating through his chronic illness. His political support has earned him support in the past three years, throughout which the local Awami League committee in the *bustee* has been paying his high medical costs of 6,000 taka a month. After recently being told by the doctor that his condition was untreatable, however, they have stopped paying these costs.

are unable to break into them, regardless of repeated and expensive attempts, as one Dhaka household illustrates:

Sohrab supports his household on the income he receives from renting out his spare rooms and supplying electricity to 12 neighbouring houses. He has become an electricity supplier by joining the ruling party in the *bustee*. He explains, however, that unlike others who have successfully used politics for financial benefit, for him, 'doing politics' has been bad for his household. He is a voluntary member of the party and it costs him financially to maintain a good relationship with senior figures. It is those higher up in the party who capture all of the resources. His wife describes him as both a *bhalo* and a *bhoka* man. He is a good man because he does not (or cannot) abuse political networks for self gain, but a stupid man because he does not benefit from the relationships that are so expensive to maintain.

Sohrab's political connections have provided some returns through the ability to access and distribute electricity. This is, however, on a small scale. Supplying only 12 households does not generate sufficient income for household security and economic mobility. In the meantime, the time and resources spent nurturing his political relationships have siphoned resources from the household in false anticipation that it would be a worthwhile investment.

The structural inequalities that underlie these informal systems of governance mean resources and opportunities are distributed unevenly within *bustees*. This results in a system through which the powerful get more powerful, while the majority remain unable to protect themselves and further their interests (Banks 2012).¹¹¹ It also means that low-income urban households are unable to make claims on their constitutionally guaranteed rights – which would create a greater sense of citizenship – and that household claims have become a socially constructed phenomenon based on social and political networks and influence (Ghafur 2000; Hanchett et al. 2003). The closed nature of these networks allows members to satisfy and maintain their selective interests and privileges, making decisions based on the personal gains of those involved, rather than the interests of wider residents (Hossain 2012).¹¹² The orientation of *bustee*-wide associations

¹¹¹ Unable to capture these structural inequalities, asset-based frameworks overlook the crucial issue of access to assets. While defining social assets as part of a household's asset portfolio, its limited conceptualisation does not fully capture the (limited) scope for household agency in extending social assets through becoming better connected, and their potential for social mobility as a consequence (Banks 2012).

¹¹² This is visible not only in the distribution of resources, but also in the switching of allegiances for personal gain. While these figures may be active in mobilising the community to take a stance against evictions, for example, they also take the opposite stance when it suits them. In recent evictions in Dhaka, for example, *mastaans* and landlords were deployed to manage this process, with landlords receiving large sums of money via the *mastaans* for their involvement (between 50,000 and 200,000 taka, depending on the number of households they could evict and their relationship with the *mastaans*) (Baten et al. 2011).

and committees towards self-gain was evident from household responses. When asked if any member was part of any organisation within the *bustee*, households were keen to distance themselves from such association. “[No, my husband] is a good man, a polite man, he concerns himself with his family only”, explained one respondent, while another described her husband as *nihiro*: ‘a simple and honest man’, who would not be involved in such activities.

Community-based power structures do contribute to community development and reduce vulnerability, and this becomes visible when outcomes are compared with *bustees* that lack leadership. In settlements on private land in Khulna, for example, a lack of external connections means they are disadvantaged in terms of institutional support and face total exclusion. Tenants cannot even be included on the voter list, and other actors remain apathetic about their needs (Roy, Jahan and Hulme 2011).¹¹³ Some landlords even forbid public access to private settlements. Public settlements, in contrast, are more greatly embedded in economic and social life (Roy, Hulme and Jahan 2012).¹¹⁴ This is also evident in new public settlements where leadership has yet to emerge. There are distinct geographical differences in degrees of advantage and disadvantage according to leadership structure across neighbouring *bustees* in central and peripheral Dhaka (Banks 2010). In both areas of the city, local leadership was found in the easily accessible community. The more geographically isolated community – cut off by a lake and a field – had no leadership figure living inside the *bustee*. These communities were disadvantaged on numerous levels. They had lower average incomes, a higher proportion of female-headed households, and lived in poorer quality housing with more expensive services.¹¹⁵ Few residents in these communities reported household improvements. While around 30 percent of households in both of the well-connected *bustees* reported household

¹¹³ People usually reside for shorter periods in private settlements and, lacking ownership of their houses, have little incentive to adapt dwellings and are unable to develop home-based enterprises. They are also unlikely to be included in electoral registers, hindering their access to entitlements, such as old age and widows’ pensions; indeed, private *bustee* residents were less likely to recognise their entitlements to health and education services from the government than those in public settlements in Khulna. Residents of private settlements are even physically hidden, with *bustees* often confined by and hidden behind walls (Roy, Hulme and Jahan 2012).

¹¹⁴ Greater integration of course brings positive benefits, but it also brings negative influences, such as drug trade and addictions and other forms of anti-social behaviour (Roy, Hulme and Jahan 2012).

¹¹⁵ Searching for cheaper rents brings vulnerable groups to these settlements. In Gulshan-services and Mirpur-no services, the two more geographically and socioeconomically disadvantaged communities, for example, 16 and 22 percent of households are headed by women, in comparison with eight and 18 percent in Gulshan-no services and Mirpur-services, in which community leaders are present (Banks 2010). While the 18 percent of female-headed households in Mirpur-services sounds like an equally high level of vulnerable groups, here, many of the large landlords were women, to whom ownership of houses and rental rooms had been passed down by their relatives. Many had working husbands, but claimed the status of household head, given the contributions of their rental rooms as the primary support to the household income. These households, therefore, must be considered in the small elite circle, rather than the wider category of vulnerability into which female-headed households generally fall (Banks 2010).

improvements over the past five years, this fell to 24 and 12 percent of households in those lacking leadership figures.

The emergence of powerful leaders has, over time, facilitated community development by making social connections outside the community (Banks 2012). This also means, however, that the community's dependence on them deepens. Patron–client relationships in the urban setting, therefore, strengthen rather than weaken over time. At the household level, an individual household may be able to break patron–client bonds if their household economic situation improves. We have seen, however, how difficult this is for the majority of low-income urban households reliant upon low paid, irregular and insecure work. Furthermore, given the vested interests of the elite in protecting the status quo, where patron–client bonds do break, patrons soon find ways to cement over the cracks. When a household starts to do better, the middleman will find ways to extract some of the benefits, if not take steps to 'destroy' a household that has crossed them – we see this process not just from financial extortion, but also in the many false cases filed against *bustee* households.

Although it is difficult to break patron–client relationships at the household level, experience in other developing countries suggests there is scope for overcoming the inequalities inherent in informal governance structures at the community level. Since dependence on local leaders has arisen due to a lack of representation of and accountability to the urban poor in formal governance processes, there is a need to maintain external connections while removing exploitative power structures. The mobilisation of community-based organisations (CBOs) is one process through which traditional patron–client relationships can be reshaped and opportunities for dialogue and participation at the municipal level opened (Banks 2011; 2011b). Equitable outcomes, however, require careful attention to the existing social hierarchies and systems in the *bustee* to ensure that CBOs are not captured and can maintain the common interests of *busteebashees* at the helm of objectives and activities.¹¹⁶ CBOs will not automatically represent the whole community, given diverse interests and statuses (Ahammad 2011). A distinction must be drawn between genuine grassroots leaders, who are actively involved in organising the urban poor, and leaders who act as patrons and brokers (De Wit and Berner 2009). Pre-existing vertical relationships of patronage and brokerage by nature hinder or prevent horizontal mobilisation at the

¹¹⁶ If the shelter and service needs of the urban poor are to be met at scale, this requires a level of engagement with the state to reform policies, regulations and practices that prevent investment in low-income settlements (Mitlin 2008). Urban poverty reduction, therefore, is not just a question of physical packages of support, but also requires building the capacity of local institutions to manage increasingly complicated urban problems, requiring, amongst others, the strengthening of local municipal governments to be representative and accountable to their low-income residents (Cohen 2001; Satterthwaite 2001). As one account of urban poverty reduction highlights, "It is difficult to envision any great possibilities for poverty reduction in urban areas without changes in the relationships between local governments and the poor" (Mitlin and Satterthwaite 2007).

community level. If this leadership structure is not overcome, CBOs will be unable to act as vehicles for empowerment and change (De Wit and Berner 2009).¹¹⁷

In the Bangladesh context, we see evidence of these problems beginning to emerge. In Chittagong, research has pointed out the difficulties experienced by CBOs created under the UPPR programme to represent tenants, who hold little power and have no confidence in community meetings (Ahammad 2011). More worryingly, however, on a recent ClimUrb fieldwork trip to Dhaka, there were signs that the female Community Development Committees (CDC) created with the intention of gender empowerment were little more than proxies for the pre-existing community structures. The committee members were composed of the wives of the existing leadership, who were therefore able to maintain control over the resources provided for community development projects. Likewise, other NGO programmes have also met these problems in Bangladesh. Where initiatives to improve water supplies in *bustees* met resistance from *mastaans* because they challenged the control and incomes from existing systems, one NGO described how strong community mobilisation and resistance through capacity building overcame this (Matin 1999; Akbar et al. 2007).¹¹⁸ It is also important to learn from the dark sides of these experiences. Such initiatives have reinforced landlord–tenant inequalities by forming committees exclusively from landlords, who increase rents as a result of new services and infrastructure (Banks 2010; Hackenbroch and Hossain 2012).¹¹⁹ In addition, existing leadership figures are heavily involved in the NGOs’ delivery mechanisms, strengthening *bustee* leadership further. As one NGO participant joked at a ClimUrb dialogue held in Dhaka in September 2012, “At least some are happy [with our programmes] – we have legalised the positions of the *mastaans*!”

¹¹⁷ It is important, therefore, to understand relationships at the community level and remain sceptical about collective action through grassroots alliances and CBOs where these are controlled by local elites, rather than against a benchmark of universal participation.

¹¹⁸ It is due to around a decade of advocacy by local NGOs and the success of pilot projects that DWASA has been given the mandate to supply water to *bustee* committees under collective responsibility, regardless of land tenure considerations (Hockenbrach and Hossain 2012). It has, however, reinforced landlord–tenant inequalities, with water points and sanitation blocks owned and operated by landlords, who make capital repayments out of the higher rent they are able to charge as a result (Banks 2010; Hackenbroch or Hackenbroch and Hossain 2012).

¹¹⁹ Legal water connections have greatly reduced the costs of water, but it is notable that this runs the risk of exacerbating existing inequalities, with savings passed onto landlords, who charge an increased all-inclusive rent, in some cases forcing the poorest households to move in search of cheaper rents (Banks 2010; Joshi et al. 2011). Also notable is that smaller landlords could not take advantage of these benefits, being unable to secure subsidised facilities, since they did not own enough rooms. Those living close to other small landlords did not want to share facilities, suggesting that it is ownership, rather than the facilities themselves, that encourages landlords to pay the subsidised costs of infrastructure. Hanchett et al. (2003) also highlight the difficulties of reaching the poorest while getting full cost recovery necessary for scale and sustainability. In addition, landlords who are less financially secure, and dependent on their rental income for their household management, were reluctant to take up this opportunity, since toilet blocks are large concrete structures that, for lack of space, usually require demolition of a rental room to be accommodated.

From fieldwork in Dhaka in early September 2012 it was also evident that NGOs and UPPR are further complicating the already complex political systems within the *bustee* setting. A city-wide network representing the urban poor, *Bustee Basheer Odhikar Surikha Committee* (BOSC, discussed in Banks 2008) had broken off from the institutional support it received from its founder, Coalition for the Urban Poor (CUP). While the committee had wanted to register formally with the government to become a self-sustaining organisation, CUP had tried to prevent this, leading to the split. It then registered formally as *Nagar Doridra Busteebasheer Unnayon Shangstad* (NDBAS, Urban Slum People's Development Agency). So that this same committee could act as a delivery mechanism for their programme, a local NGO had also encouraged them to formally register a mirror organisation – *Nagar Busteebasheer Unnayon Shangstad* (NBAS) – with the same people in the same leadership positions. It is also the wives of these leaders who comprise the CDCs organised by UPPR, ensuring that they have de facto control over this organisation too.

7. Conclusions

Endemic insecurity in the urban environment results in tough conditions in which the urban poor struggle to survive and secure their livelihoods. Few dimensions of urban poverty can be fully understood in isolation from the broader political economy of urban poverty. While some of the obstacles to household economic mobility exist at the household level, many – and those proving the most difficult to break – emerge from the structural inequalities inherent in formal and informal governance processes at the local, municipal and national level. The majority of low-income urban households, therefore, find themselves in a precarious equilibrium from which it is unlikely that they will escape without help (Wood and Salway 2000).

Households deploy multiple strategies for meeting these challenges while minimising risk to the household. Some strategies are used to cope in crises, others aim to maintain household stability and build a platform for improvement. The latter requires, however, regular work and stable incomes, offering little hope for the majority of the low-income labour force, who seek livelihoods in an oversaturated labour market where the right social connections are necessary to get ahead. Wider strategies of labour mobilisation are therefore critical in a highly commoditised urban economy, and where this fails to smooth household consumption, households have become heavily dependent on taking loans. Living in environmentally vulnerable settings and substandard housing, low-income households are also attempting to find strategies of adaptation in order to reduce their vulnerability to extreme weather events. These are constrained, however, by a lack of secure tenure and household capacity, with most having neither the physical, nor the financial capacity to undertake large infrastructural projects.

Working conditions and these environmental factors mean that low-income urban households are highly susceptible to covariant (e.g. price increases or flooding) and idiosyncratic shocks (e.g. health crises). With few surplus resources to cope in the face of these shocks, households also have a range of 'last resort' strategies to manage within reduced incomes and higher costs, such as reducing food intake, selling assets, borrowing from exploitative moneylenders or depleting savings. These short-run coping strategies increase medium- to long-term pressures on the household, as well as reducing their ability to cope with future shocks, by depleting their financial, social and productive resources (Pryer 2003) and by increasing financial pressures and obligations on the household through loan repayments.

Social networks play another critical role in a household's coping strategies, and establishing and maintaining relationships becomes a priority for all households, regardless of income. Stronger social linkages in the form of reciprocal lending agreements tend not to be exploitative, but given the similarly resource-constrained households within these networks, they are limited in terms of the level of support they can provide. Establishing some level of benefits through patron–client relationships, therefore, is a common means through which households choose to trade-off long-term returns in order to meet short-term goals of survival (Wood and Salway 2000; Wood 2003). The social hierarchy which shapes these patron–client relationships (Section 6) acts as a severe constraint on household agency. Households are unable to access the social resources they need both to protect their assets and to break down the structural barriers to better access to information, resources and opportunities. Where formal governance structures have excluded the urban poor, informal systems of governance and service delivery have emerged that enable a small elite to control and distribute resources and opportunities for self-profit or to reward supporters. Inequalities between those on the inside and those on the outside of these circles are thereby further consolidated and reproduced. Figure 12 highlights the limitation of agency-based measurements of urban poverty, given the structural obstacles the urban poor face in all dimensions of their lives.

Figure 14. Reconciling agency and structure for urban poverty reduction in Bangladesh

Some of the problems and vulnerabilities faced by the urban poor are embedded in problems of agency. Households lack a sufficient and diversified asset base with which to build a secure platform for household mobility. An increase in individual assets is a common strategy for urban poverty reduction, but, given the insecurity of urban livelihoods, this is not necessarily a sustainable intervention unless new assets are also structurally protected.¹²⁰ Without this, positive changes experienced can be quickly reversed if a household faces an income shock. Alternatively, newfound resources can be quickly depleted or destroyed by *mastaans* to restore their power and social order. In addition, asset-based interventions do not, on their own, address the structural inequalities that underpin the limited access to opportunities, resources and information for the majority of low-income urban households. Limitations to agency emerging from the structural inequalities in social, political and economic power and influence

¹²⁰ This has been recognised in connection with asset transfer programmes in Bangladesh. BRAC's Targeting the Ultra Poor programme, for example, established that simply transferring an asset was not enough to protect it, engaging with local elites through the formation of Gram Sahayak Committees to provide on-site, village-based protection and support for ultra-poor participants and their new assets (see Hossain and Matin 2004).

highlight the limitations of asset-based approaches as a framework for understanding urban poverty. Crucially, asset-based approaches overlook the distributionary mechanisms arising from existing social hierarchies of inequality and exploitation that households cannot overcome on their own. While households can – and do – try to amend the social functioning of the labour market and informal governance processes, the reality is that there is little that individuals and households can do to tap into the elite social circle that dominates decision-making and resource distribution within the *bustee*.

These findings emphasise the need for a broader framework that captures the social, political and economic structures and processes that create and reproduce vulnerabilities and underlie exclusion from opportunities. Challenging structural conditions is not a matter of building a household's and community's individual and collective assets, but also their capacity to participate in and influence the institutions from which they have previously been excluded. Challenging the informal governance systems that reinforce the social order requires collective organisation and better integration into formal governance processes. The strength of collective action approaches lies in their recognition that both cause and consequence of urban poverty be addressed. It is not only the physical and economic vulnerabilities characterising the urban poor that must be addressed, but also their social and political exclusion. Not only will this depend on more responsive and accountable municipal governments, it will also require an active civil society, in which low-income urban households can gain strength in numbers and negotiate with local authorities and service providers against a set of formal entitlements. While there have been important steps forward in Bangladesh in community mobilisation and community-led service provision, attention must be paid to community-based organisations to ensure that grassroots mobilisation becomes a vehicle for breaking, rather than reinforcing, existing social order and inequalities.

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