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# Livelihoods Limitations: The Political Economy of Urban Poverty in Bangladesh

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## **Abstract**

Frameworks for understanding urban poverty have taken an asset-based approach that assesses livelihoods strategies on the basis of a household's portfolio of assets. Research in Dhaka, Bangladesh reveals the limitations of such approaches. Their narrow focus on households and depoliticized definition of social capital may capture experiences of urban poverty, but cannot reconcile these with the significance of the structural drivers of urban poverty. Our understanding of urban poverty must recognize the informal systems of governance that dominate resource distribution at the community-level and keep the resources necessary for household improvement confined to a relatively small elite. Excluded from the accumulation networks that provide a platform for household mobility for the well-connected, most urban poor households are reliant upon survival networks in their search for security. Only through extending our analysis beyond the household to explore their position within this local political economy can we recognize the significant limitations placed on their efforts to extend and improve their livelihoods.

## **Keywords**

Political economy, Bangladesh

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## 1. INTRODUCTION

Establishing the social and economic conditions and structural transformation that allows low-income rural societies to modernize, join the ranks of middle-income countries and facilitate declines in mortality and fertility rates (Satterthwaite 2002; Stren 2008; Clarke Annez and Buckley 2009; Skeldon 2010), urbanization is bringing new opportunities for employment, education, services, and infrastructure to billions of people across the Global South. Ongoing flows of migration to urban areas illustrate that these opportunities are being seized, both by those drawn towards the bright lights of city life and those for whom poverty and hardship in rural areas means this is the last option in their survival toolbox. But this dichotomization of drivers and outcomes reveals a glaring need for a deeper and more nuanced understanding of how urbanization shapes opportunities and obstacles for different groups of urban residents. This is particularly the case for another yet poorly understood implication, the urbanization of poverty. This pressing policy priority requires a significant shift for policy makers, planners and researchers who have spent decades placing a strong focus on rural development and livelihoods. Across many countries, including Bangladesh, this has led to a rural bias in policy, action and research on poverty reduction,<sup>1</sup> weakening the conceptual tools for imagining development and poverty reduction in urban areas (de Haan 1997; Marcus and Asmorowati 2006; Banks et al 2010; Mitlin and Satterthwaite 2012).

Antagonism between notions of ‘urban development’ and the experiences of large segments of the urban population creates a further obstacle to greater policy attention for urban poverty. Urban development is typically perceived to encompass processes of formalized planning, modernization, growth, and wealth creation; processes and investments that all increase and exacerbate inequality rather than catalyzing poverty reduction. The repercussions of this for the urban poor go beyond the lengthy wait for benefits to “trickle down” to them. Their presence, their informality, their living conditions and their struggle for rights to land, housing and services is at odds with the vision of urban development, and is thus considered a threat to urban development and the urban elite. These perceptions maintain an ‘anti-urban poor’ bias that overshadows their rights to the city (Marcus and Asmorowati 2006; Banks et al 2010; Parnell and Pieterse 2010; Martine et al 2010). Within this process, the urban poor become more susceptible to eviction than assistance, and policy makers fail to capitalize on some of the potential advantages cities have to offer (Martine et al 2010).

Despite the speed and significance of the urbanization of poverty across the developing world, our understanding of these issues is overshadowed by substantial knowledge gaps. The narrow ways in which urban poverty is conceived, defined and measured has led to the considerable misrepresentation and underestimation of urban poverty in both scale and depth, causes and consequences (Mitlin and Satterthwaite 2012; 2014). Our understanding of urban poverty, therefore, is shallow and incomplete, largely constituting perceptions of poverty constructed from the visible experiences and consequences of urban poverty – such as housing, limited service provision and poor living environments, or poor health outcomes – that in the process overlook a more nuanced understanding of the deeper causes of urban poverty. The aggregate statistics we see at the city-level often miss out slum populations and in doing so, hide deep inequalities in access to land, housing, services and employment and fail to capture the

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<sup>1</sup> This is distinct from national development planning and policy which is urban-biased.  
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political economy that creates and reproduces urban poverty (Beall 1995; Tacoli et al 2010; Jones and Corbridge 2010; Mitlin and Satterthwaite 2012; Carr-Hill 2013).

This paper looks beyond the characteristics and consequences of urban poverty to explore its drivers, focusing particularly at the micro- informal settlement level. While the exclusion of the urban poor from formal governance processes and service provision is well-recognized, less so is its broader repercussions in terms of the informal institutions and processes that emerge to fill this space. The creation of critical power hierarchies and struggles over inclusion and exclusion from access to resources and opportunities that emerges (Geiser et al 2011) lead to structural obstacles that place severe and often insurmountable constraints on the agency of the urban poor, as this research illustrates in the context of Dhaka, Bangladesh's capital city. This reinforces the limitations to traditional household-focused and asset-based frameworks for understanding urban poverty and livelihoods (as discussed in the next section), and highlights the need for a broader conceptualization that recognizes the political economy of urban poverty and its implications on prospects for poverty reduction.

## **2. UNDERSTANDING POVERTY IN URBAN CONTEXTS**

The transfer of knowledge from a generation of research into poverty in rural areas has had limited success in defining and understanding urban poverty given critical differences across these. Urbanization brings new labour market structures, livelihoods opportunities and housing options, markets based on commoditization rather than subsistence, new forms of exclusion, and for recent migrants, the challenge of network building in an environment of anonymity and intense competition.

Employment must be central to any analysis of urban poverty as other sources of income may complement, but cannot substitute for wages in urban capitalist societies (Gonzalez de la Rocha 2007). This places employment firmly at the heart of urban households' survival strategies (Amis 1995; de Haan 1997; Mitlin and Satterthwaite 2012). The commoditization of the urban economy brings a unique vulnerability to the urban poor, since the more a household depends on income for access to housing, services and basic needs, the more they are vulnerable to becoming poor or 'more' poor in the face of price rises, income shocks or fluctuations to household dependency ratios (Amis 1995; Satterthwaite 1997). This means that other characteristics of urban poverty (such as limited access to services, poor living conditions and health outcomes) become relevant primarily to the extent that they impact on a household's chances within the labour market (Amis 1995).

Urban poverty began to be rigorously conceptualized in the mid- to late 1990s, with research distinguishing how urban poverty is different to that in rural areas (Wratten 1995; Amis 1995; de Haan 1997) and building new conceptual frameworks for urban poverty that recognized its multi-dimensional nature and the strategies that urban households deploy to cope and advance their interests (Beall 1995; Rakodi 1995, 1999; Wratten 1995; Moser 1998; Meikle et al 2001). This urban literature has borrowed extensively from the rural sector, including their concepts of 'livelihoods', 'vulnerability', 'capabilities', and 'assets', and in their use of participatory methods and critiques of poverty lines (Amis 1995). Carney's (1998) well-known Sustainable Rural Livelihoods framework has been adapted specifically for application in urban areas (e.g. Moser 1998; Farrington et al 2002). Common across both rural and urban analyses of poverty is a focus on the household as the unit of analysis and the role of a diverse portfolio of 'assets' (Moser 1998), 'capitals' (Carney 1998; Bebbington 1999; Wood and Salway 2000), 'endowments' (Pryer

2003) or 'resources' (McGregor 2000). Consistent across these approaches (referred to hereafter as 'asset-based approaches') is the premise that a mixture of physical, natural, human, financial and social assets provides an asset base through which low-income households can reduce risk, secure livelihoods, and over time, provide a platform for economic mobility.<sup>2</sup> The ways in which households utilize and combine the assets available to them defines their livelihoods strategy.

My purpose here is not to provide an overview or to critically review asset-based approaches. This is done effectively elsewhere, particularly with regards to livelihoods frameworks (de Haan and Zoomers 2005; Carter 2007; Moser 2008; Scoones 2009). Instead, I will assess whether this analytic approach is sufficient for understanding the realities of urban poverty in Dhaka. Asset-based frameworks offer distinct advantages, including their ability to be amenable to policy recommendations and to create a framework of quantifiable indicators that can measure and track poverty over time (Farrington et al 2002; Carter 2007). They are also limited in several important respects. Carter (2007: 59, emphasis added) hints at these when he explains how, "asset indicators have been used to provide a more *detailed characterization* of the poor". While providing insight into household experiences of urban poverty, they do not fully account for its drivers and overlook some of the main obstacles households face to overcoming it. As we explore here in the context of Dhaka, critical in these are the structural drivers of urban poverty that result in the uneven distribution of access to assets across poor households, both within and across time (Wratten 1995; Meikle et al 2001; Moser 2009). Despite the critical role that household livelihoods play in survival and 'getting ahead', the reality is that the urban poor are faced with structural obstacles that influence their decision-making and limit their choice of alternative coping strategies (Beall and Kanji 1999; Van Dijk 2011).

This is not to say that research into urban livelihoods has taken place outside the urban context and the social, political and economic structures and institutions within it. Asset-based frameworks recognize that livelihoods strategies are shaped by the constraints under which households operate and that we must understand strategies within this broader context of meso- and macro-level structures (Meikle et al 2001; Farrington et al 2002; De Haan and Zoomers 2005; Scoones 2009; De Haan 2012). Rakodi (1999), for example, classifies hostile labour markets and exclusion from formal governance structures as 'determinants of household choices'. Despite their central influence on agency, opportunities and outcomes at the household level, however, these structural factors are relegated to the margins rather than recognized as key explanatory variables. In effect, by placing households at the center of analysis, frameworks have shifted emphasis away from the relationships that urban poor households have (and can facilitate) with wider economic, political and social systems at the community, city, and national levels (Scoones 2009).

Asset-based frameworks have also struggled to attribute the centrality of employment to urban livelihoods within their analyses (Moser 2009). As Gonzalez de la Rocha (2007) highlights, given that

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<sup>2</sup> Crucially, in urban areas economic mobility does not go hand in hand with social mobility, and research in urban areas finds very few prospects for social mobility for the urban poor (Krishna 2013). Incomes may rise incrementally over time, but not in line with the costs of living or in line with broader urban development and expectations. Research in urban Ethiopia finds that despite improvements in material living standards over time, the share of households that perceive themselves as poor has barely changed at all (Alem et al 2014). People's well-being is also shaped by their perceptions about the future, and when an urban economy is characterised by rapid development, aspirations increase and ideas about poverty changes as relative deprivation increases despite small improvements in household income and consumption (Bookwalter et al 2010; Alem et al 2014; Krishna 2013).

position in the labour market is a primary determinant of urban poverty, conceptualizations of urban poverty that do not place this at the center face serious problems recognizing the extent of constraints on livelihoods and survival strategies when labour opportunities are limited. Recognizing the extent to which different employment outcomes represent chosen meaningful alternatives rather than constrained choices or a lack of alternatives is critical to include the limits placed on household agency by the urban labour market (Gonzalez de la Rocha and Latapi 2008). This means understanding the access and terms of access of the urban poor to different forms of employment becomes critical to analyzing experiences of urban poverty. High levels of informality and casualized labour, the limited absorptive capacity of formal and informal labour markets, and strong rigidities in the labour market by social status, education and neighbourhood are all obstacles to better employment outcomes (Amis 1995; Rakodi 1995; Mitlin and Satterthwaite 2012). At the household-level, limited skills, qualifications and experience and regular health disruptions further limit the ability of the urban poor to access more or better employment (Pryer 1993; Amis 1995; Rakodi 1995; Moser 1997; Mitlin and Satterthwaite 2012).

While understanding the access and terms of access to employment the urban poor have (or can facilitate) is central to understanding urban poverty, asset-based frameworks place central emphasis on household agency in this process, implying that households can build, extend and capitalize on their assets to improve their prospects in the labour market. Not all actors have equal power in deploying livelihoods strategies and a household's agency in this respect is strongly shaped (and constrained) by their power vis-a-vis other actors (Ferguson et al 2009). Research into labour market outcomes highlights that skills and qualifications are far from sufficient for accessing stable and secure employment in urban labour markets (Amis 1995; Rakodi 1999; Opel 2000; Beall 2006; Moser 2009; Mitlin and Satterthwaite 2012), and the constraints the urban poor face as active agents in this way is something that frameworks for understanding urban poverty, with their household-centric analyses, have so far struggled to address. Frameworks may highlight the role that assets play in enhancing the ability of households to take action to challenge or change the rules governing access to and control over resources (Bebbington 1999; Moser 2009), but by focusing on individual and household agency over the social, economic and political structures that underlie struggles over inclusion and exclusion and access to assets, they overestimate a household's autonomy, resourcefulness and 'room for maneuver' in devising and mobilizing strategies that consolidate and build upon their assets and capabilities (Wood and Salway 2000; Anderson 2007; Gonzalez de la Rocha 2007; De Haan 2012).

At the heart of limitations to asset-based frameworks is their limited conceptualization of the power relations that underpin access to, the distribution of, and the ability to capitalize on, assets and capitals (De Haan and Zoomers 2005; Scoones 2009; De Haan 2012). Despite attempts made to incorporate political and social capital and highlight that assets and capitals are governed by mediating institutions, policies and processes, these debates have remained at the margins, keeping discussions of livelihoods centered around assets (Moser, Sparr et al 2007; Scoones 2009). Issues of power, politics and institutions are recognized as external influences rather than configured within the analysis of poverty itself, which is conceptualized only at the household-level. In the process asset-based frameworks fail to recognize poverty as an outcome of broader structural influences as well as limited assets. As De Haan (2012: 348) illustrates, asset-based approaches have "focus[ed] much more on opportunities rather than constraints, more on actor's agency than on structure, more on neutral strategies than on failed access due to conflicts and inequalities in power" (De Haan 2012: 348). An analysis of social capital, in particular, has paid little attention to local power structures in urban livelihoods (Devas 2002).

In practice, therefore, we see that frameworks for understanding and analyzing urban poverty have struggled to reconcile and integrate the relative roles played by household agency and the broader structural environment in determining whether a household's strategies for survival and advancement are successful. The findings here reveal that despite the array of livelihoods strategies deployed to cope with insecurity and advance household interests, prospects for future mobility for most low-income urban households in Dhaka are restricted due to the local political economy. Opportunities for household improvement are highly dependent on having the right social connections. Yet insurmountable structural barriers prevent large numbers of households from building or extending their linkages to access the social networks most conducive to household advancement. Placing the household at the center of analysis means that existing frameworks for understanding urban poverty have downplayed this critical issue, neglecting the micro-level power structures that distribute opportunities, resources and information and keep access to these confined to a relatively small elite within low-income settlements.

We see, therefore, that frameworks viewing urban poverty as an accumulation of asset deprivations at the household level are unable to capture some of the key drivers of urban poverty. While highlighting that building and protecting assets will help households to escape poverty over time, these frameworks fail to recognize that low-income urban households face significant structural constraints on their ability to access the assets most conducive to mobility. As the following sections explore in the context of Dhaka, the main limitations of this asset-based conceptualization of urban poverty is its narrow definition of social capital, its neglect of social structures and institutions, and its subsequent inability to capture the critical issue of *access to* assets. A broader analysis of the political economy of urban poverty highlights the structural inequalities that govern resource distribution and place significant limitations on household efforts to extend and improve their livelihoods. While asset-based understandings of urban poverty give us important insight into *experiences* of urban poverty, they overlook the institutions and processes that create and reproduce poverty and inequality at the local level. Before we reach this analysis the following section introduces the research and discusses how the research reconciled the relative importance of household agency and the political economy in its analysis.

### **3. EXPLORING EMPLOYMENT AND LIVELIHOODS IN DHAKA**

This research moved beyond a narrow and depoliticized definition of urban poverty at the household level, to one grounded in the local political economy. In doing so it aims to overcome the tendency for asset-based frameworks to downplay poverty's structural features. To this end I grounded the analysis in an empowerment framework (Narayan 2005; Narayan and Petesch 2007). This enabled me to explore the relative importance of household- and community-specific drivers of mobility and to reveal new insight into the respective roles of household agency and social, political and economic institutions and processes in influencing poverty outcomes. While emphasizing the role of individual (or household) agency, the empowerment framework also recognizes the opportunity structure in which actors make decisions regarding their livelihoods. Household improvements, therefore, require the expansion of individual and collective assets alongside the erosion or transformation of structural barriers that constrain the ability of households to access or capitalize on their assets.

The primary focus of the analysis was on employment, given its centrality to urban livelihoods. Through this analysis the research investigated why some households were able to use employment to assist

household improvement while others, although in similar jobs, could not. The research methods utilized allowed me to explore the extent to which differences were due to individual agency and the livelihoods strategies households deployed, or the result of broader structural influences outside their control. To do so I compared the experiences and histories of 'coping' and 'improving' households across the three main employment categories available to the urban poor in Dhaka, namely unskilled labour, small business and formal sector or skilled work. The research finds that given the endemic insecurity of urban livelihoods in Dhaka's low-income informal settlements, most household improvements are small, incremental and vulnerable to reversal. Improvements sustained over the longer term were not because households were supported by different employment opportunities, but because they had accessed similar opportunities on improved terms through their connections with local power structures. Accessing higher (and increasing) incomes, job security and benefits is dependent on having the right social networks. If a household is outside the distributionary networks of the community's leadership structure they cannot access the terms of employment necessary for sustained household mobility (Banks 2010).

Here I build on these findings to further explore how political economy governs Dhaka's low-income urban settlements. This highlights the constraints that informal governance systems place on household opportunities and decision-making. Within this system, low-income households are limited in their ability to negotiate access to resources, opportunities and information, leaving prospects for household advancement confined to a relatively small elite. This has important implications for our understanding of urban poverty, emphasizing the limitations of asset-based frameworks given their narrow definition of social capital and subsequent inability to capture how the local political economy reproduces urban poverty and inequality at the community-level.

The findings emerge from fieldwork conducted between September 2008 and June 2009 in four informal settlements in central and peripheral Dhaka. The breadth and depth of research methods used allowed me to explore experiences and outcomes at both the settlement and household levels (See Banks 2010 for the full methodology). At the settlement-level, community mapping and a survey that covered every household within a small geographic area allowed me to build detailed socioeconomic profiles of each community,<sup>3</sup> which were enriched by focus group discussions. Together these generated rich insight into the social, economic and political dynamics of the four sites, as well as the livelihoods of their residents. In addition to this, 75 in-depth interviews with 'coping' and 'improving' household heads provided the core data for analysis. These were selected on the basis of the self-reported mobility statuses from community surveys and constituted a within case analysis of household heads across households headed by unskilled labourers, small businessmen, and formal sector/skilled workers. This disaggregated analysis allowed me to identify and understand differences within groups of similarly employed workers, overcoming a tendency within the literature on urban employment to treat certain sectors of the labour market as one homogenous category (Gonzalez de la Rocha and Latapi 2008). It is important to highlight that given the qualitative methods used the findings here cannot be generalized beyond the four communities under study, but observation of other settlements in Dhaka indicate these findings may be typical of low-income neighbourhoods.

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<sup>3</sup> Within three of these communities this survey covered an area that constituted roughly a quarter of that particular community. In one of the four communities, which was a new and expanding settlement, the survey covered the whole community. There were, of course, difficulties accessing all households given a high prevalence of households in which all members worked, but the research team returned to households wherever possible at more convenient times to minimise this.

Section 4 now explores the livelihoods strategies that differentiate between ‘coping’ and ‘improving’ households. Similar livelihoods strategies were found to underlie these differences regardless of whether the household head was employed in unskilled labour, small business or formal sector work. Section 5 then explores the centrality of social connections to opportunities for long-term household advancement. Within a local political economy that distributes resources, opportunities and information through kinship and political affiliation, the majority of households are constrained in their ability to consolidate and extend their social capital to access the most lucrative distributionary networks. Sections 6 and 7 conclude with a discussion of what this means for existing frameworks for understanding urban poverty, highlighting that a narrow focus on household agency and a depoliticized definition of social capital overlook how the broader political economy places severe constraints on household agency.

#### **4. URBAN LIVELIHOODS STRATEGIES AND THEIR LIMITATIONS**

The primary challenge facing low-income urban households in Dhaka is to secure stable incomes that enable them to meet the high costs of urban living. Across the four communities, rental tenants constituted between 66 and 83 per cent of all households (Banks 2012). Rent and utility costs – costing on average between 18 to 22 per cent of the monthly incomes of tenants across the four settlements – combined with expenditures on food, fuel and health care, lead to high monthly expenditures that few low-income urban households can be assured of meeting with their unstable incomes. Only 45 per cent of households break-even or have an income surplus each month once these costs have been taken into account (Banks 2012),<sup>4</sup> and if taking into account the average monthly expenditure on health costs on top of this, only one in three households have sufficient income to cover household expenditures without going into debt. The research found three strategies distinguishing between coping and improving households regardless of their employment status: labour mobilization; investment in productive assets; and the pursuit of alternative forms of financing through savings and loans. Regardless of their integration into the labour market, these findings show that households in these four communities pursue similar livelihoods strategies to protect and promote their interests (Banks 2013). What differs is the level of stability they achieve through these, and the fundamental reasons why some succeed and others fail.

Despite their best efforts to expand and diversify the labour force, secure productive assets and accumulate savings and/or secure loans, many low-income households in Dhaka still face severe challenges balancing incomes and expenditures. Livelihoods strategies are severely curtailed by the insecure and uncertain environment in which they live, where living costs are high and households face frequent income shocks as a result of ill health (Pryer 2003). Gonzalez de la Rocha’s (2007) ‘myth of survival’ that is constructed in discussions of urban livelihoods in Mexico is evident in Bangladesh too, reproducing policy accounts in which poor households continue to survive in spite of a lack of resources and uncertain and expensive urban environments.

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<sup>4</sup> This matches other studies of urban livelihoods in Dhaka’s low-income settlements. Salway’s (2003) study finds as many as 70 per cent of households unable to meet their daily expenditure requirements. Pryer (2003) finds nearly one in three households reporting a ‘severe’ financial deficit, 30 per cent reporting a ‘slight’ deficit and over one-third reporting a break-even situation. This latter survey found only 4 per cent households reporting a slight income surplus, and 0.2 per cent a surplus large enough to save.

Labour mobilization is the central strategy on which low-income urban households depend, but a mixture of obstacles undermine their ability to secure adequate or stable incomes through employment. The household head remains the economic backbone of Dhaka's low-income households, but there are few jobs that can support household costs on a sole income. Labour mobilization strategies are therefore two-fold: to maximize the income of the household head through more regular or higher paid employment and to supplement this through labour contributions from other household members. Household heads try to improve the terms of their existing employment – through owning rather than renting their rickshaw, expanding the scale or profitability of their small businesses, or establishing good relationships with their employers and patrons, for example – as well as to transition into more stable jobs with higher incomes. With employment categories in Bangladesh differing in terms of security, stability and prospects for improvement (Pryer 2003; Zingel et al 2011), household heads try to move into better options: from unskilled labour into small business or formal sector work, for example. They face multiple obstacles in both quests. Some are agency-related, including limited skills, qualifications and experience, limited capital and regular ill health. Others are structural, woven into a hostile labour market characterized 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; Roy, Jahan and Hulme 2012). Unemployment rates are low given the necessity of work to survival, but underemployment and seasonal fluctuations in employment make income security a severe challenge for low-income urban households in Bangladesh (Garrett and Downen 2001).

Similar to findings in other urban contexts, rapidly changing urban labour markets have reduced the central role of adult men as breadwinners (De la Rocha 2007; Kantor 2009; Tacoli 2012). This has meant that female employment has become central to survival for many low-income urban households, demonstrating a significant shift in perceptions and practices and challenging traditional patriarchal ideologies (Banks 2013). Both wives and daughters are sent to work in Dhaka's thriving garments sector, providing a critical contribution to monthly household expenditures. Across the four settlements, 58 per cent of households mobilize female labour, and the research finds that the prevalence of female labour rises with several indicators of insecurity. Female employment increases to 65 per cent of households headed by unskilled labourers, for example, and was also highest (64 per cent households) in the community where social problems of drug addiction and gambling were widespread (Banks 2012).

Even where households mobilize all members of working age and ability, labour mobilization strategies rarely secure income sufficient to balance incomes and expenditures. While central to household income, female employment is subject to regular disruption due to pregnancy and childcare, if women face problems at work, or with the loss of daughters at marriage. This makes the mobilization of female labour a weak foundation for longer-term stability and advancement. Furthermore, contributions from elder sons and daughters were often separated from household income by many 'coping' households heads, since many kept large portions of their incomes for themselves to cover the costs of their own families (married sons living with their parents) or their personal expenses and entertainment (unmarried sons and daughters).

Asset ownership provides another route for supplementing wages, but given the difficulties of saving this is universally low. Several 'improving' rickshaw-pullers, for example, owned their own rickshaw, increasing their income by removing daily rental fees. Difficulties accumulating savings or accessing

loans, however, prevent households from consolidating investment capital, and where households experience shocks, severe income deficits or need investment capital, selling such assets is one of the first responses. Comparisons between 'coping' and 'improving' households supported by small businessmen highlighted that productive assets are critical if a small business is to support household improvement. The majority of small businesses lack productive assets and operate at limited scale and profitability in context of severe overcrowding (Wood And Salway 2000). Consequently, only one in four households supported by small business across the four settlements report household improvements. Just under a third of households own their own room. As well as substantially reducing living costs, house ownership is also closely linked with ownership of other productive assets. 70 per cent of house-owners own productive assets in comparison with only 12 per cent of tenants. Many of these owned the most lucrative form of asset, rental rooms. With landlords owning between one and 22 rooms, for some this generated monthly incomes far above even the highest paid jobs, and subsequently, enough stability to consolidate and maintain household improvements over the longer term (Banks 2012).

A closer look at household livelihood strategies, therefore, reveals that for the majority, household improvements are small, incremental and vulnerable to reversal. Only a handful of households can be said to have 'improved' their structural foundations, escaped poverty and remained that way. As Rakodi (1995) highlights, in low-income urban settlements, the 'reverse' of poverty is not so much wealth as security, with households having sufficient command over their assets to guard against shocks and freedom from debt and dependency. In a context of low and irregular incomes, seasonal fluctuations in employment, and frequent income shocks due to ill health, savings and loans play an important role in the protection *and* promotion of household interests. High levels of indebtedness and a high prevalence of moneylender loans, however, indicate that these are used more frequently for coping than investment. Across the four communities, 82 per cent of households have one or more loans (Banks 2012). 'Improving' households are less likely to borrow (just over half have loans), more likely to have formal or interest-free loans, and less likely to have informal loans from moneylenders.<sup>5</sup> Moneylender loans often come with catastrophic repayment terms that lock households into never-ending cycles of interest repayments.<sup>6</sup>

As the following section explores, differentiating between the small handful of households who have improved their households over the longer term and the majority who remain unable to do so, are critical differences in social networks that allow for capital accumulation over time. These findings highlight the need to revisit the role and conceptualization of social capital in analyses of urban livelihoods and to account for how local power structures operate and influence opportunities for households inside and outside these. This requires a politicized understanding of social capital that embeds a household's stock of social capital within the systems that dictate the most productive forms of social capital and, critically, who can access these. We see that structural inequalities within low-income settlements place significant

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<sup>5</sup> It is clear from these findings that it is the better-off households who access the best forms of lending that allow consumption-smoothing and investment without detriment to the household. In contrast, the poorest households and households in the poorer communities have fewer options, leading them to resort to moneylenders as a last resort (Banks 2012).

<sup>6</sup> Households are forced to accept terms such as interest of between 10 and 30 percent of the total capital borrowed *each month*. For a 10,000 taka loan under these terms, a borrower would have to find between 1,000 to 3,000 taka to pay in interest only each month. To give some indication of the feasibility of this, 1,000 taka would be roughly approximate with rental and utility costs for the month. Capital repayments must also be made in large payments of 1,000 or 5,000 taka making it nearly impossible for borrowers to repay this on top of monthly interest payments.

limitations on household agency when it comes to expanding social networks to those conducive to longer-term stability. With economic and social opportunities, resources, and information distributed through closed social networks, inequalities in power and wealth are created and reproduced at the community level.

## 5. THE LOCAL POLITICAL ECONOMY OF DHAKA'S LOW-INCOME SETTLEMENTS

Those who define and measure urban poverty have failed to capture the full extent of the political economy of urban poverty (Mitlin and Satterthwaite 2012). A deeper understanding of how social networks and local governance structures influence urban poverty and inequality is therefore critical, embedding our analysis of urban poverty within the social, economic and political processes that exclude the urban poor from planning and decision-making and limit their access to better incomes, assets, services, and employment opportunities (Devas 2003; Montgomery and Hewett 2005; Gulyani and Bassett 2010; Perlman 2010; Geiser et al 2011).

Living in informal settlements means that the urban poor are excluded from formal rights and entitlements. This has created space for the formation of informal systems of governance that link informal settlements with their neighbourhood and the broader city and in the process, create a network of power hierarchies within excluded settlements. This has led to clientelistic relationships dominating the wider forms of participation through which the urban poor in Bangladesh gain access to services and opportunities and consolidating their dependence on socially and politically influential actors and 'problem-solvers' (Banks 2008). Within these hierarchies a household's social connections are important both to survive today and their ability to secure long-term futures (Beall 2006). This centrality of social networks to urban livelihoods calls for a deeper understanding of these social structures and systems. The question is, therefore, what types of social connections are important in meeting different needs of security and advancement, and how do the social networks of households experiencing these two outcomes differ? In urban Africa, Lindell and Utas (2012) highlight the different attempts made by urbanites to deal with the insecurities of urban life and to substitute the formal governance functions they lack. They differentiate between two distinct forms of strategy: those used by vulnerable low-income urban households to achieve a minimum level of economic and social security and those used by more powerful groups to create personal networks of advantage that secure them greater profits and control. In Dhaka, too, the majority of urban poor households face insurmountable obstacles when it comes to expanding social networks away from those assisting survival. While a relatively small elite exists at the settlement level who have the right social connections to access lucrative opportunities within and outside the settlement, this is a closed network. In contrast, the majority of the urban poor in Dhaka find themselves in relationships of dependence or in networks of family and friends that are similarly resource-constrained and offer limited returns. The strength of social networks to development outcomes is such that Dhaka's urban poor see poverty not only as a lack of income, but as a lack of social connections and power. They define 'non-poor' residents of informal settlements as those with strong political networks, social networks inside *and* outside the community, and those who are part of community leadership or from socially respectable classes (World Bank 2007). In the next sections we explore the implications of these different social tiers on poverty and inequality within Dhaka's informal settlements.

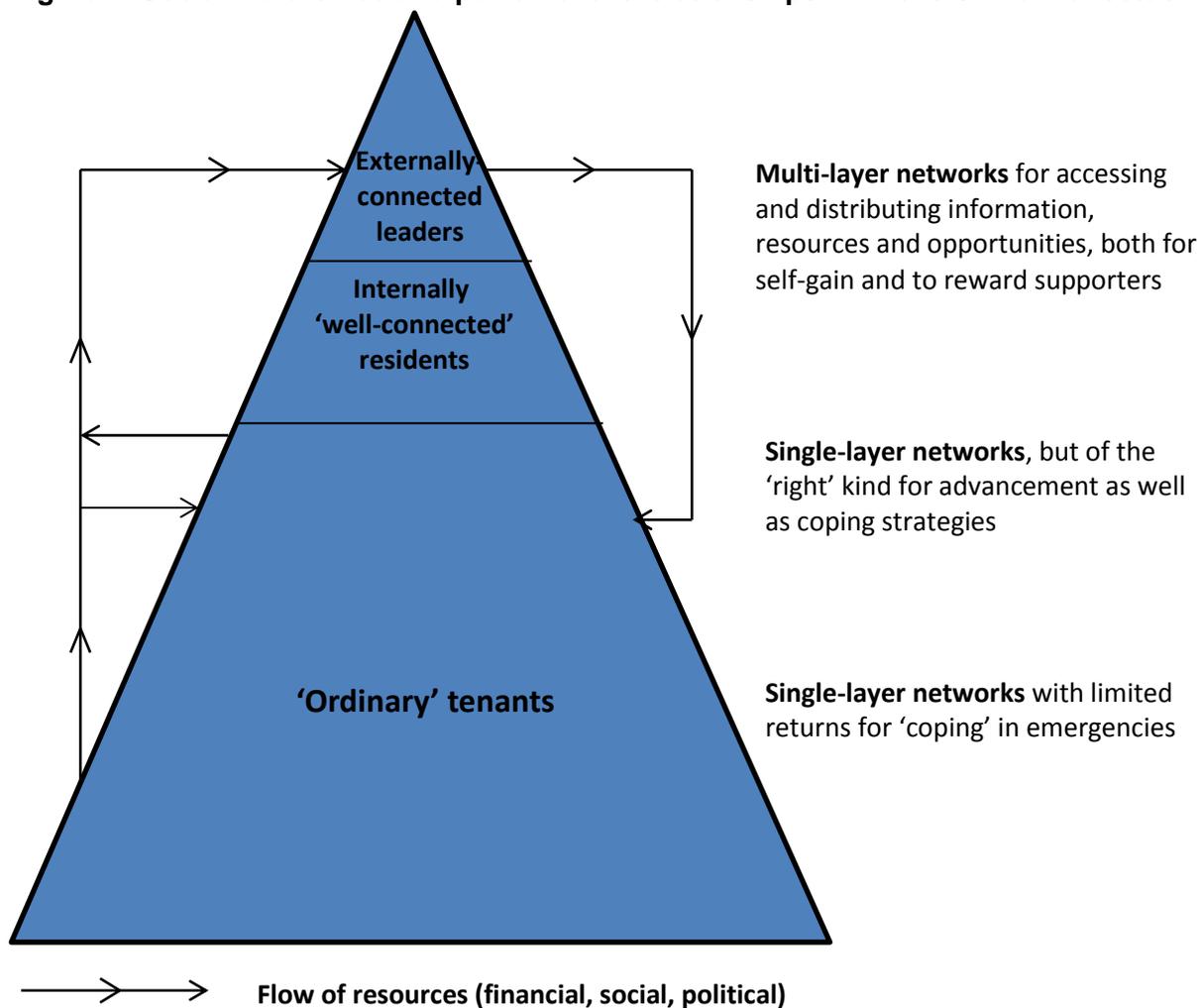
## 5.1 Patron-client relations and the search for security

The repercussions of resource scarcity within households are compounded by the limitations of accessible social networks. When incomes and expenditures rarely balance, households must find alternative means of smoothing consumption and coping in crises. Neighbours and family can offer small cash or in-kind loans, but their own resource constraints prevent these networks from offering large returns or protection. For many households this is a cyclical process, each month seeking new loans to bridge income deficits 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”.

Given that the similarly constrained livelihoods of networks limit their returns for most, the process of facilitating and maintaining patron–client relationships is critical. Through this the urban poor attempt to manage uncertainty and improve their access to employment, finance, physical and social support (Wood; Jahan et al. 2011; Banks 2012). Crucially, the urban poor strive to have multiple patrons. 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 and leaders and moneylenders, amongst others. These relationships of dependency, however, assist in little more than short-term survival, reproducing the long-term vulnerability of clients through economic, political and ideological structures of exploitation, domination and control that mean these forms of ‘support’ come at the cost of sacrificing future improvements (Wood 2003; De Wit and Berner 2009; Lewis 2011).

Figure 1 maps rewards and exploitation and reveals the informal channels through which claims, rights and entitlements are negotiated in Dhaka’s informal settlements. As this illustrates, access to resources is dependent on the position of individuals and households within a rigid social hierarchy. Externally-connected leaders have the multi-layer networks necessary for bringing in information, resources and opportunities into the community. While a small number of households can access these resources indirectly, this is dependent on a household being internally connected to the settlement’s leadership structures. As a result, the distribution of power, resources and opportunities within the settlement is confined to a relatively small elite circle (Banks 2012). The majority of households at the bottom of the hierarchy may work hard in their efforts to establish and maintain patron-client relationships through employers, landlords or moneylenders, they lack the connections necessary to move the benefits of these beyond survival. As Hackenbroch and Hossain (2012: 397) argue, in Dhaka’s informal settlements the, “unbalanced power structure [at the community-level] guarantee[s] privileged access for a few local political leaders based on social and political relationships...at the cost of the exclusion of the majority”.

**Figure 1. Social hierarchies and patron-client relationships in Dhaka's informal settlements<sup>7</sup>**



Externally-connected local leaders take their position at the top of these hierarchies. They benefit from their connections to service providers, political party offices, elected politicians, and local businessmen, amongst others. Who are these local leaders? They are the those with the most privileged socioeconomic status who hold multiple leadership positions in political, religious, police and NGO committees, giving them control over every aspect of community life (Banks 2012; Hackenbroch 2013; Hossain 2013). As well as usually being the longest-standing members of the community, they are rich in assets and income through their domination of the housing market and service provision within the settlement (Hackenbroch 2013). Their strong economic power gives them the time others lack to engage in the community's social and political affairs (Hackenbroch and Hossain 2012; Hossain 2013), as well as able to maintain honor, prestige and status through upholding traditional patriarchal ideologies forbidding female employment (Banks 2013). In addition, their strong political power through affiliation with the government in power gives them the protection they need to assert their authority over the settlement

<sup>7</sup> This illustrates the social hierarchy within low-income settlements on public land where these local power structures are allowed to emerge. The urban poor living in settlements on private land face different forms of exclusion. Where private landowners see housing for the urban poor a temporary income-generating activity while land speculates, these connections with different levels of authority are not created. (Roy, Hulme, Jahan 2012; Roy, Jahan and Hulme 2012).

without risk of repercussion, and this means that they can use the threat of violence as a further form of social control when necessary (Banks 2008; Hackenbroch 2013; Hossain 2013).

The emergence of these leaders has facilitated community development by connecting the settlement to the wider city, managing community resources, and bringing in services and resources from outside (Woolcock 1998; Krishna 2001; Conning and Kevane 2002; Platteau 2004). These relationships are mutually beneficial. They constitute resource accumulation networks for leaders, giving them the opportunity to legitimate their leadership and maintain their control of the settlement's resources. In addition, they offer a source of social control, additional profits and a cheap source of reliable labour to politicians, service providers and business outside the settlements, respectively. Given the resources and opportunities they bring in, community dependence on these powerful actors deepens over time. It would be a mistake to assume that leaders have the community's collective interest in mind. Understanding the position and power of these elites reveals how programs for urban poverty reduction can prescribe elite capture by mobilizing and privileging those who already 'own' or control the community, its services and its infrastructure (Marcus and Asmorowati 2006; Crawford 2011; Mitlin and Satterthwaite 2013; Patel 2013). The rewards of these connections allow leaders to fulfil two goals: to appropriate resources for self-gain and to consolidate their power by rewarding their supporters. Benefits of these informal distribution systems, therefore, are not shared equally across the community, allowing members to satisfy and maintain their selective interests and privileges rather than the interests of wider residents (Hossain 2012). This orientation of leadership positions towards self-gain was clearly evident in case study settlements. When asked if any household member was part of a community organization, 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. The ability of those outside these leadership positions to negotiate and resist these individuals is severely constrained by their dependence and lack of social and economic power, with vertical relationships of patronage preventing horizontal mobilization at the community-level and exacerbating and reinforcing these structures over time (De Wit and Berner 2009).

A small group of internally well-connected residents constitutes the second layer in the community's social hierarchy. They may lack the external connections necessary to access opportunities and resources outside the settlement directly, but their links to local leaders means their internal networks are still a lucrative source of resources. Local leaders draw upon their external connections with local authorities, service providers, politicians and businessmen to distribute resources and opportunities through these networks. The rewards they can secure through these linkages offer solid foundations for household improvement. The ability to access employment through this channel, for example, means accessing them on much more preferable terms. One 'coping' household head had invested heavily in skills development after seeing his neighbour reap the rewards of his job as a skilled technician: his neighbour had received a stipend while training and graduated from this with a permanent contract, large salary and daily allowances. He found himself unable to follow a similar pathway to household improvement, however. Struggling to gain entry into the sector because he lacked the right social connections, he accumulated substantial household debts while undergoing an unpaid apprenticeship. On graduation from this his salary as much lower (the same as his neighbour received during his apprenticeship) and he could access only an insecure contract offering irregular work (Banks 2013). In this situation we see that his seemingly rational decision to invest in his household's human capital was

misplaced: lacking the social network with external contractors it was impossible for him to access the terms of employment he associated with the job.

Another lucrative opportunity those with the right connections can access is rights to informal service provision. After leaders negotiate for informal access with water and electricity authorities, they control some themselves and award some to businessmen within their networks. Of five electricity suppliers in one of the settlements, two were members of community-level political parties and a third worked for a government department, highlighting the importance of political links and affiliation with leaders to gaining access to such opportunities. Like room rental, informal service provision has huge financial returns, giving the rights to supply low-cost electricity at high prices to all residents within their catchment. It is no surprise, therefore, that businessmen mobilize in such a way to protect this monopoly and prevent new entrants (Hossain 2013). Other resources are also distributed through these channels, such as emergency distributions of food rations or blankets. Tenants complained that such charity-provided goods rarely reach them: after leaders keep some resources for themselves and to reward supporters, the remainder is distributed to tenants through landlords, who retain a further share.

Connections with local leaders are associated with family links or strong political affiliation and support. One 'improving' household head, for example, benefited from the rent-free housing he received from his brother, the community leader, and had also secured high-paid permanent contracts for himself and his two sons as electrical technicians through this link. Political affiliation may offer entry into the upper levels of the social hierarchy, but this requires not only political support but active membership in the upper positions of political parties within the settlement. Few households have the economic power that allows this commitment, which requires investing large amounts of time as well as money. The experience of one household head illustrates that repeated attempts to break into the upper level of the social hierarchy are expensive, but not always successful. He said that despite enabling him to become an electricity supplier to 15 houses (a small number in comparison with other suppliers in the settlement), for him 'doing politics' had been bad for his household. He was a voluntary member of the community-level political party and it cost him financially to maintain a good relationship with senior figures in the party, for which he felt he received no financial returns. Sitting alongside him in the interview, his wife described him as both a *bhalo* and *bhoka* man: he is a good man because he does not (or cannot) abuse political networks for self-gain, but he is also a stupid man because he does not benefit financially from the relationships that are so expensive to maintain. Owning a large number of rental rooms is another indication that a household is in the settlements elite, with informal rights to housing having been seized by powerful individuals when settlements were first established, then being passed down through generations after this.

House ownership, therefore, provides a rough approximation of the size of a settlement's elite, indicative both of higher incomes, social status and position. Across the three settlements in which tenancy was the dominant form of housing provision, this constitutes only between 17 and 25 percent of households. This may, however, be an overestimation, given that not all house owners were considered to be part of the elite. Focus groups were clear to distinguish between social status on the basis of house ownership, arguing that landlords owning many rental rooms were not 'real *busteebashees* (slumdweller) like us'. Smaller landlords owning up to four rental rooms were also not considered to be part of this elite. Tenants recognized that they too could struggle to make ends meet regardless of the additional security

their monthly rents gave them.<sup>8</sup> What we see, therefore, is that the channels through which households can access distribution networks are closed for the majority of households who are not linked by blood ties or active political affiliation, when opportunities for house ownership are negligible, and where economic insecurity forces risk-averse households to focus on employment rather than investing time and income into extending networks that offer no guarantee of return.

This leaves the vast majority of households (ranging between 65 and 83 per cent of households across the three sites) at the bottom of the hierarchy, unable to access the social networks they would need to expand their access to the information, resources and opportunities necessary for household advancement. These households are predominantly tenants paying high relatively monthly rents, are engaged in low-paid and irregular work, and are dependent on the top two levels of the hierarchy for their access to shelter, services and security. Within this local political economy we see that patron-client relationships are strengthened rather than weakened over time, and that what serves as accumulation networks for the community's elite actually maintains and/or exacerbates the ongoing insecurity of most residents.

Their inability to access the most profitable social connections does not mean that households at the bottom of this hierarchy are without social networks, but that those they can create represent coping mechanisms more frequently than sustainable livelihoods strategies (Beall 1995). Given the importance of social resources to survival and advancement all households seek to improve and extend their networks. By demonstrating their trustworthiness, hard work and reliability, many workers try to establish and maintain multiple patron-client relationships that offer some form of future security. These rarely lead to major rewards such as new jobs, higher salaries or access to large sums of low-interest finance, but do offer a level of protection that helps cope in crises. For rickshaw-pullers, for example, a good working relationship with a garage owner can lead to short-term loans on reasonable terms. Likewise a good relationship with your landlord may result in some level of understanding if rental payments are behind (Banks 2012). Family members and neighbours also offer assistance in crisis. Given similarly insecure livelihoods, however, this channel offers few prospects for household advancement and is dependent on reciprocity and shocks being idiosyncratic rather than covariate.

Family and kinship networks may act as important substitutes for the urban poor in place of the formal protection and services they lack, but notions of solidarity and reciprocity overestimate household agency and fail to recognize the constrained returns these networks offer, particularly when ongoing economic pressures or shocks to the community erode these networks (Gonzalez de la Rocha 2007; Gonzalez de

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<sup>8</sup> In the fourth settlement, house ownership (rather than tenancy) was the norm. This was a newly-expanding settlement bordering one of the other, older study sites. It had expanded rapidly after a recent eviction of a nearby settlement. Despite high levels of house ownership, however, this settlement had among the lowest average monthly incomes and by far the highest prevalence of loans across the four sites. Households had become indebted after losses from the eviction and the construction of their new rooms. This also meant that patterns of ownership were limited to one, rather than many, rental rooms. There was no elite here, and importantly, no leadership structures. It was poorly serviced and the community depended on the local leader from a neighbouring settlement as patron. Through this they had accessed services illegally, but the job opportunities, resources and information that the leader could access were kept within his own settlement's networks. A much lower number of households here reported improvement in their self-reported mobility status too. Only 12 per cent households in this settlement reported that they were doing better than 5 years ago. In comparison, 26, 24 and 29 per cent of households in the other three communities reported household improvements, highlighting the centrality of leadership in bringing development opportunities into low-income settlements,

la Rocha and Latapi 2008). Indeed, the high prevalence of moneylender loans across the four case study settlements is indicative of the limitations of these social networks. Given the exploitative terms they offer, they are seen as a last resort when all other avenues have been exhausted. What we see when we look closely at the political economy within Dhaka's low-income communities is that the unequal distribution of power and resources leaves the majority of urban poor households unable to access the most profitable social networks and the rewards associated with these. Instead, their networks are restricted to those with limited returns that may help their immediate coping requirements and short-term needs, but offer little opportunity for advancement in their long-term interests. Restricting access to resources, opportunities and information and subsequent possibilities for long-term household improvements to the upper levels of the social hierarchy, this creates and reproduces inequality within informal settlements over time and places severe constraints on household agency for most residents. Within this system, household claims have become a socially constructed phenomenon based on social and political networks and influence (Ghafur 2000; Hanchett et al. 2003). Unable to reach a level of security necessary for long-term improvement, in a context of endemic insecurity most household improvements remain small, incremental and vulnerable to reversal. Returning to asset-based understandings of urban poverty, therefore, we see that the narrow focus on the household depoliticizes the concept and analysis of social capital and in the process significantly overestimates household agency, as we turn to next.

## **6. LIVELIHOODS LIMITATIONS: THE POLITICAL ECONOMY OF URBAN POVERTY AND ITS IMPLICATIONS ON ASSET-BASED FRAMEWORKS**

Incorporating a political economy analysis of urban poverty reveals the processes undermining the ability of urban poor households to sustain and improve their circumstances over the longer term (Beall 1995). These findings reinforce previous research from Dhaka which highlights the importance of social connections and patron-client relationships in urban survival and advancement (Opel 2000; Wood and Salway 2000; Hackenbroch 2012; Hossain 2013). That many policies and programs for urban poverty reduction have tended to be visualized and implemented along the concept of expanding and strengthening assets (Mitlin and Satterthwaite 2014)<sup>9</sup> mean that these have given little consideration to the political economy in which this process takes place. A closer look at asset-based frameworks with this in mind highlights their limitations, particularly in how they conceptualize social capital. This requires a shift in conceptualization that recognizes that it is not an expansion of assets themselves that lead to long-term improvements for low-income households, but an expansion in their *access to assets* (Gieser et al 2011).

By prioritizing household agency as the primary influence on outcomes at the household-level, asset-based frameworks have overlooked the central influence of the local political economy and the constraints this places on household agency. Social capital has come to be seen as a depoliticized asset

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<sup>9</sup> Mitlin and Satterthwaite (2014) outline the eight approaches that underlie most agency interventions and programmes for urban poverty reduction. These include those in the domain of the state (welfare-based interventions, urban management, rights-based approaches and participatory governance); those led by non-state actors (market-based approaches to urban poverty reduction, political transformation through social movements); and those deployed by urban poor households in the absence of such efforts (clientelism and self-help). Most of these are processes of incremental improvements led by professionals. Only two strategies (social movements and self-help) encourage stronger relationships between the urban poor and local and national elites (Mitlin and Satterthwaite 2014).

that a household can draw upon for security and survival (and, in a minority of cases, improvement). Often attempts are made to measure the 'stock' of social capital that households and communities have and to measure how this influences development outcomes (See, for example, Narayan and Pritchett 1999). However, as this research has shown, from the household's perspective, it is not the amount of social capital in the community that matters, but the *type* of social capital they can access that underpins their ability to move away from strategies of survival to those of advancement. Here it becomes critical to understand the factors that determine a household's ability (and inability) to build and access the right kinds of social connections necessary for more stable foundations for household improvement. This analysis is three-fold, identifying the forms of social capital most important for expanding access to critical capitals, the attributes of those who can mobilize the 'right' forms of social capital, and the constraints faced by those who cannot. While individual choice may to some extent determine the strength and extent of a household's connection, we also have to recognize the factors outside a household's control that place significant constraints when it comes to optimizing their connections (Sobel 2002). The power that is exercised within and through networks may, after all, stand in the way of an individual or household's choices (Lindell 2010).

By focusing overwhelmingly on the positive features of social capital, the power structures that social capital may both contain and be inserted into become invisible (Lindell 2010). Asset-based frameworks, therefore, have overlooked the fact that as well as an individual asset, social capital is also a collective asset that can benefit groups as a whole, often at the cost of others (Harriss and de Renzio 1997; Putzel 1997; Cleaver 2005). Greater recognition of this requires an understanding of power hierarchies within and between groups at the settlement-level. Analyses of livelihoods may have accounted for the role of social capital in livelihoods strategies, but have not looked beyond this to explore what differentiates between those with accumulation networks vis-à-vis those with only survival networks. As the concept of social capital has been popularized and made both measurable and amenable to policy frameworks, our definition of social capital has been as an *asset* accessible to entire political communities, rather than a form of unevenly distributed capital that determines patterns of inclusion and exclusion within communities (Putzel 1997; DeFillippis 2001). While earlier theoretical literature defined social capital as a source of social control (via community structures and mechanisms) rather than an asset (Beall 1997; Woolcock 1998; Fine 1999; Harriss and de Renzio 1997; Portes and Landolt 2000; DeFilippis 2001), this has been lost in popular frameworks for understanding poverty and livelihoods.

Our analysis of the local political economy in Dhaka highlights the importance of settlement-level structures and hierarchies in shaping development outcomes, and for the elite, maintaining their power and wealth. Community leadership has a strong vested interest to keep networks closed, since expanding access to resources and entitlements would limit their personal gains, reduce community dependence, and undermine their social, political and economic power. Instead their incentives are to create obstacles that prevent outsiders from trying to break into or circumvent these circles. The creation of these informal systems of governance and distribution has at once both reinforced the social and economic dominance of the powerful and reproduced the exclusion of the poorest (Cleaver 2005). This highlights the mistake of aggregating household stocks of social capital to extend the attribute of this stock to the broader community, because this becomes a resource to be tapped to the benefit of the community's elite rather than the community as a whole. Only by ignoring the complex power-laden relationships at the community-level have frameworks for understanding urban poverty been able to do this (De Filippis 2001).

Thus, as the community has been conceptualized as an aggregation of individual stocks, and as individual stocks have been assessed independently of the structures in which they are embedded, the political economy that operates and acts as a mechanism for social control at the community-level has been overlooked (Portes and Landolt 2001). As it has been applied to studies of livelihoods within development studies, the concept of social capital has lost touch with its sociological roots, been stripped of its political implications, and become limited in its ability to go beyond an analysis of what households have to investigate the constraints outside their control that they face to better development outcomes in the future. When we look at asset-based frameworks for urban poverty we see why they are so restricted in their ability to capture the critical importance of this local political economy. It is not that the majority of the urban poor lack social networks and support systems, but that those that they are restricted to obstruct them from accumulating the capital they need for greater livelihoods security. It is in the interests of the self-interested community elite to keep networks closed so they can continue to dominate their control of the community's resources. Virtually no channels exist in which low-income urban households in Dhaka can use their agency to extend their networks for this purpose. This is what Wood and Salway (2000) highlight as the dangers of using asset-based frameworks to analyze urban poverty in Bangladesh. Given their focus on what poor urban households have, rather than lack, this underestimates the constraints they face and overestimates their room for maneuver as agents (Wood and Salway 2000).

Within this broader analysis of the local political economy, social capital becomes not only an asset, but also a mechanism and an outcome (DeFilippis 2001). This has caused confusion with 'social capital' being applied to different things, at different levels, in different contexts, in the process eroding the heuristic value of the concept (Harriss and de Renzio 1997; Woolcock 1998; Fine 1999; Portes and Landolt 2000; Bebbington et al 2004). This narrowing down of social capital to an asset accrued at the household-level in part shows the adoption of a concept translated into a convenient package that serves different agendas (Harriss and de Renzio 1997). The implications of this on our understanding of – and means of addressing – urban poverty are high. By depoliticizing urban poverty, asset-based frameworks cannot deliver insight into the systemic risks faced by low-income urban residents. Critical to expanding the analytical strength of social capital in development studies, therefore, remains how it can contribute to better explaining the links between political economy, social structure and human agency (Bebbington et al 2004).

## **7. CONCLUSIONS**

In its attempts to reconcile the relative roles of household agency and broader structural constraints in influencing opportunities for household improvements among Dhaka's urban poor, these findings highlight that our understanding of urban poverty – and our attempts to overcome it – must move beyond a narrow focus on assets to incorporate the structural obstacles to mobility that face the urban poor at the household and community level. Are households 'poor' and unable to devise sufficient livelihoods strategies both to survive today and to do better tomorrow? Yes, but this tells only part of the story and recognizes only part of the problem. We must expand our focus on household asset portfolios and their livelihoods strategies to a more explicit grounding of these strategies that recognizes the constraints placed on household agency by the local political economy that governs distributionary networks around them. In the absence of formal governance structures that recognize the rights and entitlements of the

urban poor, the vast majority of households are excluded from the social networks that offer the most important foundations for long-term household improvements.

Without recognizing the implications of this on household's own abilities to improve their situation over time, we will continue to overestimate agency by failing to recognize the biggest obstacles households face in their struggle for greater security. Programming for urban poverty reduction will also continue to risk deepening inequality by reproducing these power disparities and allowing the community elite to further consolidate and expand their power and wealth. When it is social and political structures and obstacles that place restriction on access to assets and livelihoods, the challenge for development is not only to focus on asset-building, but also to find ways of overcoming restrictions on access and agency (Geiser et al 2011; Stephens 2011; Mitlin and Satterthwaite 2014). Without addressing these structural constraints, programs for urban poverty reduction will continue to be limited in both scale and sustainability. That two critical underpinnings of successful urban poverty reduction are the nature in which low-income urban communities are organized and their relationship with local governments (Mitlin and Satterthwaite 2014) reinforces the urgent need to find ways of bridging the gap between poverty and governance debates (Scoones 2008).

These findings highlight that early criticisms regarding the ability of asset-based frameworks for understanding poverty and livelihoods to sufficiently address issues of power and social relations remain. Their conceptualization of poverty at the household-level and their focus on assets over and above the political economy that determines access to assets among the urban poor provides an incomplete picture of urban poverty in Dhaka. In particular, the findings highlight the dangers of a narrow understanding of social capital within the confines of asset-based frameworks. Despite the foundational role it plays in determining a household's access to the resources most critical to their long-term advancement, the ability of households to build, maintain and extend their social networks is far from a level playing field. This has significant implications both for a household's medium- to long-term prospects, as well as to patterns of increasing inequality within Dhaka's low-income urban settlements.

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