

# **Diagnostics for Urban Poverty and the Social Security Needs of the Urban Poor in Bangladesh**



**Planning Commission,  
Government of Bangladesh**



**Research and Policy  
Integration for  
Development (RAPiD)**



**UNDP Bangladesh**

**December 2019**

# **Diagnostics for Urban Poverty and the Social Security Needs of the Urban Poor in Bangladesh**

*Prepared for*



**UNDP Bangladesh**

*Prepared by*

**Dr. M Abu Eusuf, *Team leader***

Professor of Development Studies at University of Dhaka, & Executive Director of RAPID

**Md. Imran Hossain Bhuiyan**

Assistant Professor at University of Dhaka, & Research Fellow of RAPID

**Md. Abdul Khaleque**

Assistant Professor at University of Dhaka, & Research Fellow of RAPID

**S. M. Kamrul Hassan**

Assistant Professor at University of Dhaka, & Research Fellow of RAPID

**Dalia Rahman**

Research Fellow of RAPID

**31 December 2019**



**Research and Policy Integration for Development (RAPID)**

\*As the team leader for this study, Dr. M. Abu Eusuf acknowledges support from a number of Research Associates of RAPID including Shahrin Ria, Shamma Arefin, Tunaggina Sumaia Khan and Faiza Tahsin in completion of the report. We are thankful to Dr. MA Razzaque, Chairman, RAPID for his valuable feedback on the draft report.

## **Executive Summary**

Bangladesh has been experiencing a rapid growth in terms of urban zones as well as urban population. Urban population in Bangladesh has grown at an annual average rate of nearly six percent since independence, at a time when national population growth was about 2.2%. However, the growth of the urban population is lopsided across different divisional cities and more than 60% of Bangladesh's urban population is concentrated mainly in four metropolitan cities- Dhaka, Chittagong, Khulna, and Rajshahi. The UN estimation shows that more than half of the population of this country will be living across the cities by 2030. Nonetheless, the urbanization in Bangladesh has remained unplanned and most of the urban slums and low-income settlements are confronted with major problems of poverty and lack of basic services.

Families and households migrate to cities for different reasons of which economic pull factors like livelihood opportunities and environmental push factors like natural calamities are very common. A major portion of people who migrate to cities after losing their ancestral land due to river erosion, poverty, and other reasons take shelter in the densely populated slums. At present, about 2.23 million people live in slums across the country (BBS, 2015) while this figure was 1.39 million in 1999. Like other developing countries, slums in Bangladesh are not equipped with basic facilities such as proper housing, safe drinking water, sanitation, and healthcare. The limited access to the basic services is often associated with the political environment as the locally influential people control the supply of electricity and water to informal settlements like slums. Moreover, enrollment of the slum children in schools and completion of education by children in slums are lower. Urban poor, especially women and children, suffer from malnutrition and proper access to healthcare.

The requirement of the support from the government for the poor urban communities is noticeable from the fact that a lot of the households in the urban slums experience poverty and remain vulnerable to shocks that can threaten their well-being. Till date, the national social protection system has been aligned mainly to the needs of the rural poor rather than that of the urban poor. It is only in the recent decade, the 7<sup>th</sup> Five-Year Plan and particularly the NSSS aims to address the issue of urban poverty through various initiatives. Though recent formulation of NSSS in 2015 by the Government anticipated expanding the coverage of social protection programmes for the urban poor communities, little has changed.

Despite the extra-ordinary achievements in terms of the income growth, human development and vulnerability reduction, poverty, especially in urban areas, has remained a major challenge for Bangladesh. Urban poverty, with its distinct features and about 19% of urban people living below the upper poverty line, remains an active threat for the overall human development of the country. Because of its specialized nature, poverty reduction strategies and programmes require to address the issues of urban poverty from different perspectives. With the growing number of the urban population, the existing policies and programmes targeted to bring down the number of urban poor have been proved to be ineffective. Hence, formulation and implementation of effective policies and programmes are prerequisites to fight the challenges that urban poverty pose.

Unplanned city growth, illegal encroachments on public land, poor urban governance, and, lack of policy attention to the needs of the informal sector are some of the key factors exacerbating the problems of urban poverty in Bangladesh. Like the secondary literature, questionnaire survey conducted under this study reveal several forms of vulnerabilities that urban poor are facing. Higher prevalence of informal employment, lower level of literacy among the household heads, lack of training opportunities, lack of access to formal financial system, and lack of proper knowledge about the social protection system are some of the key findings from the survey. Moreover, the study also reflects the lack of access to land, housing, safe drinking water, sanitation, and utility connections by the urban poor.

As suggested by the primary and secondary data, urban poor are subject to various forms of deprivations and vulnerabilities. All the legal, institutional, economic, and political structures pose different types of challenges for the urban poor living in slums and low-income settlements. Lack of legal status in the slums restrict the ability of urban poor in accessing housing facilities as well as utility connections, registering for NID cards, and in accessing the Social Protection Programmes (SPPs). The lack of land tenure also creates the dependency structure of urban poor on the locally influential people to survive in the slums. All the systematic and unsystematic process of exclusions affect the welfare of the urban poor and restricts their ability to get included in the existing social protection system.

Urban poverty, being distinct from rural poverty in many ways, thus require customized social protection programmes contextualized with the local needs. Experience of designing and implementing social protection programmes for urban areas varies among countries, mostly in the developing world. Reviewing a number of well-acclaimed SPPs from few countries, several key lessons can be utilized in the context of Bangladesh.

- First, most of the successful social protection programmes reviewed in this study are conditional cash transfer (CCT) programmes. Success of the CCT programmes in Philippines, Ghana, and Brazil among other developing countries provide best examples of implementing CCTs for urban poor in a developing country like Bangladesh.
- Second, strict compliance to the attached conditions in the CCTs can bring positive results in terms of poverty reduction and human capital formation among the beneficiary households. Bangladesh can design CCTs with customized criteria targeting healthcare, nutrition, and education of women and children among urban poor. Monitoring the compliance to the conditions can be done by a Compliance Verification System (CVS) linked with the MIS to verify the compliance of the households for receiving health and education grants as in the case of Philippines. Furthermore, a Grievance Redress System (GRS) can be integrated with the MIS to capture, resolve, and analyze grievances of both the beneficiaries and non-beneficiaries of the programme.
- Third, small social protection programmes can be merged into a large one to avoid coordination problem during the implementation of small SPPs. Merging small CCTs into a flagship CCT can be considered in the urban context.

- Fourth, all the successful CCTs have relied on a Single Registry System to collect, record, and update data on the extreme poor households across the country. In light of the global experience, it is a must for Bangladesh to develop a single registry system for all the poor households across the country based on NID cards and to utilize the registry system for selection of beneficiaries for different SPPs nationally.
- Fifth, adjusting different criteria for selecting beneficiaries and determining the amount grants with the needs of urban poor is a considerable option while expanding an existing CCT to urban areas.
- Sixth, transferring cash benefits directly to the beneficiaries have been proved as the most effective way to transfer the benefits transparently. In Bangladesh, with the evolution and popularity of mobile banking, cash benefits can directly be transferred to the intended beneficiaries.
- Seventh, an SPP for urban poor should consider the high mobility of urban poor and the programme should be able to continue serving beneficiaries regardless of their spatial mobility. An innovative land leasing solution under a new urban sector policy can reduce the vulnerabilities of urban poor.
- Eighth, adopting an innovative and inclusive urban sector policy in line with the NSSS provisions can be crucial for addressing a wide number of issues that the urban poor are currently facing.
- Ninth, urban employment schemes and national insurance schemes covering urban poor can be implemented. A social insurance system can be designed to enable people to invest in their own social security at a subsidized premium for the risks of unemployment, accidents and physical injuries, severe illness, and deaths of earning member of the poor households. On the other hand, training up of the unskilled labors, and expanding cash-based employment generating schemes can be implemented in urban areas by the relevant government agencies.
- Tenth, implementing agencies of the SPPs in developing countries can resort to innovative ways to create necessary awareness among urban poor. Relevant government agencies in Bangladesh can utilize both electronic and social media to create awareness among the urban poor regarding the available SPPs.

In implementing the National Social Security Strategy, it will be important to provide special attention to the urban sector. For the poor and marginalised citizens from urban areas, developing a dedicated social protection programme is a challenge. Hence, it is important to generate proper data in a central MIS for implementing any suitable support mechanisms for urban poor. In this respect, launching a central registry system for urban poor and designing a flagship CCT, instead of a number of small SPPs, can help implementation of NSSS urban policy. This study suggests further research initiatives on designing flagship CCT programmes, merging small social protection programmes into one or more SPPs for urban poor, managing the national Single Registry System, designing an inclusive urban sector policy, designing urban employment schemes and national insurance schemes for urban poor.