

**Bangladesh Economists' Forum**

# **Urbanization in Bangladesh: Challenges and Priorities**

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21-22 June,  
2014



**The First BEF Conference | Radisson Blu Water Garden Hotel Dhaka**

# Urbanization in Bangladesh: Challenges and Priorities<sup>1</sup>

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## **1 Urbanization: Crisis or Opportunity?**

The consequences of urbanization for a country is not a given. Both the experience of Bangladesh as well as the general global experience is that urbanization is an inevitable feature of the development process. However, beyond this very general trend, urbanization holds both promise and problems for a country and which feature will come to dominate will very much depend on the nature and efficacy of policy engagement with the urban agenda.

As the country's goal shifts upward to middle income status, the need for mainstreaming the urban agenda into the policy centre-stage becomes all the more urgent. Yet, serious mind-set challenges stand in the way of such mainstreaming, not just within policy circles but even within the civil society many of whose members still espouse a kind of rural romanticism. In truth, demographic and economic trends point towards a future where the whole country is likely to become one urban agglomeration. Managing this urbanization process has never been more urgent not the least because our cities are becoming more unlivable by the day and unplanned land-use is putting future food security into potential jeopardy.

Becoming more serious on the urban agenda is therefore no longer a choice. Yet, many of our policy-makers continue to interpret the reality of urbanization as an unwelcome story to be resisted rather than managed as a driver of change for inclusive growth and sustainable environments. Consequently, a peculiar political economy dominates characterized by a policy ambivalence on one hand and the entrenchment of a power nexus on the other that makes unplanned growth and poor urban governance the norm rather than the exception. The process of rapid urbanization in Bangladesh is thus taking place without the benefit of a substantive and broad-based urban policy vision.

Existing urban discourse has proceeded on fragmented premises of physical planning, slum studies, municipal governance and migration studies while the economic dimension has been a missing focus as have been the issues of social anomie and sustainability. Compounding this fragmented discourse is a process of policy engagement that is at best sporadic and disjointed. Strategy formulation, as for example in the preparation of a draft national urban policy, have suffered policy neglect as have well prepared strategies such as the Dhaka Urban Strategic Transport Plan and JICA reports on Chittagong. The urgency thus is not only for a holistic urban strategy which combines the issues of sustainable urbanism and of cities as growth drivers, but also, for a strategy for scaling up the urban engagement. Clearly, a new paradigm is called for, one which serves to scale up the policy focus on urbanization and emphasizes the need to think about it in an integrated, holistic way.

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<sup>1</sup> Drawn from Hossain Zillur Rahman (ed), 2012, *Bangladesh Urban Dynamics*, PPRC. This publication was the outcome of a multi-year and comprehensive urban strategy study implemented by PPRC and supported by The World Bank and DFID and was launched at the international conference on urbanization held in Dhaka on 8 December, 2012.

## 2 Revealing Statistics

### *An Urbanized Future*

Need for an urban focus is urgent because it is no longer a secondary phenomenon. At its birth, Bangladesh had an urban population less than 5 million. By 1990, this had increased to 22.4 million and a decade and a half later, urban population stood at 42.3 million. At an annual growth rate of 3.7%, urban population growth in Bangladesh has been higher than all other countries in South Asia barring Nepal.<sup>2</sup> A revised definition of urban has put current urban population at 23% (Census, 2011) but population density per sq. km which rose to 964 in 2011 from 834 in 2001 points towards an overall urbanized reality that is larger than that indicated by the formal definition of urban area. Projections show a possible urban population of nearly 100 million (98.6) by 2030 (Table 1).

Table 1  
*Projected Growth in Urban and Rural Population, 1950-2030*

Year	Population (millions)		Share of incremental Population (millions)		percentage of the total	
	Rural	Urban	Rural	Urban	Rural	Urban
1950	40.0	1.8	-	-	95.7	4.3
1960	48.8	2.7	8.9	0.9	94.8	5.2
1970	61.4	5.1	12.5	2.4	92.3	7.7
1980	72.7	12.7	11.3	7.6	85.1	14.9
1990	88.3	21.8	10.6	9.1	80.3	19.8
2000	103.1	34.4	14.8	12.6	75.0	25.0
2010	115.7	52.2	12.6	17.8	68.9	31.1
2020	123.2	74.4	7.5	22.2	62.3	37.7
2030	124.1	98.6	0.9	24.2	55.8	44.3

*Source: Computed from UN 2002: Table 3 and 4. Cited in ESCAP 2003:25*

### *Policy-induced Primate City Development.*

Dhaka alone contains 37% of total urban population, conforming to the classic case of primate city in which the population of the largest city is more than the combined total of the three next largest cities. Primate cities are not seen in China and India but can be seen in Thailand and Japan. The primacy index for Dhaka in 2001 was 2.05 meaning that Dhaka population was 2.05 times larger than the combined total population of three next largest cities – Chittagong, Rajshahi and Khulna. The index has risen to 2.12 in 2010.<sup>3</sup> But a twist on these statistics is that to a significant extent, such a primate city tendency is policy-induced. Dhaka's inexorable growth as primate city is mirrored in the extreme centralization of decision-making and political authority. It is a moot point as to whether a more vigorous policy choice towards decentralization might have resulted in a greater spatial balance of urbanization even with Dhaka continuing to be the leading city.

### *A Migration-Fueled Urban Growth*

Urban growth and migration are integrally linked. PPRC Urban Residents Survey of 2009 shows that in Dhaka only 16.4% are urban residents by birth meaning that remaining 83.6% are migrants. In Chittagong, the proportion of migrants is 68% and in the secondary towns, the proportion is around 50%. Population Census, 2011 confirms these trends.

<sup>2</sup> World Development Indicators, 2009

<sup>3</sup> Mannan, M.A., 2010, *Migration and Urbanization*, Background Paper prepared for Urban Strategy Study, PPRC

### *Why the Urban Attraction?*

There are many reasons why people are flocking to the urban centres. Most important attraction is economic: 71% of the reasons cited by Dhaka and Chittagong residents are for employment, 21% for business purposes. Similar percentages also apply in the case of the secondary towns. But not all of the reasons are narrowly economic. 23.3% cite children's education as an important reason for migrating to the two metropolitan centres. Student migrants per se are also an emerging reality: 15.3% of Dhaka and Chittagong residents are student migrants.

Besides the economic and education-driven migration, some other factors also underlie the urban attraction. Lifestyle factors or the attraction of city life have brought in some of the urban residents. The city life lure is strongest for Dhaka and Chittagong – 22.3%, and smallest for the smaller towns – 13%.

Not all of the migration, however, is pull-driven. Some come due to distress factors such as loss of homesteads caused by river erosion. Proportion of such distress-induced migrants is 11% in metropolitan Dhaka and Chittagong and 8.3% and 6.6% in the larger and smaller district towns respectively.

### *The Urban Spectrum.*

Bangladesh is in many ways unique that it prioritized city-connecting rural roads i.e. the so-called feeder roads, well before its urban expansion. Based on these rural-to-city and city-to-city linkages, an urban spectrum has emerged defined by several urban linkage patterns. Urban growth of Dhaka itself relates to two dynamics. One is the emergence of a growth pole comprising of metropolitan Dhaka and two of its adjoining localities – erstwhile trading hub of Narayanganj and newly industrializing rural Gazipur. The other dynamic is the growth of Dhaka as the dominant destination of labour and produce from across the entire country, a case of primate city development. Map 1 based on the proxy indicator of bus passenger traffic shows this density of connectivity linkages between Dhaka and destinations across the country. Chittagong too is growing as a growth pole, as yet a much lesser one than Dhaka and there is also incipient emergence of a growth corridor between Dhaka and Chittagong. Other patterns include regional hub (Bogra), localized economies (Barisal), poverty-driven migration networks (Kurigram), seasonal labour migrations (north Bengal-Sylhet) etc.

Urban is thus not an undifferentiated reality. Rural-urban divide has given way to a rural-urban continuum stretching from the metropolitan core of Dhaka and Chittagong to secondary towns to market centres to urbanized villages. However, within such a rural-urban continuum, two divergent economic trends appear to be consolidating (Table 2).

Table 2  
*Rural-Urban Divide: Convergence and Divergence*

<i>Location</i>	<i>Average Monthly Household Income (Taka)</i>	<i>Trend</i>
Metropolitan: Dhaka/Chittagong	22658	<b>Divergence</b> Metropolitan-Village Income Differential: 86.8% Metropolitan-Secondary Town Income Differential: 69.3%
Secondary Towns	13387	
Villages	12129	<b>Convergence</b> Secondary Town-Village Income Differential: 10.3%

Source: PPRC Recession Survey, 2009

PPRC 2010 data on household incomes show that there is convergence between villages and secondary towns in terms of income types and income levels. Non-farm component of village income is above 50% while average income in secondary towns is only 10% higher than incomes in villages. In contrast, there is clear case of divergence

between metropolitan and rural incomes. Average household income in the metropolitan core of Dhaka and Chittagong is 87% higher than that in the villages and 69% higher than in the secondary towns.

### *Urbanization-Growth Interface*

Urbanization and growth have gone hand in hand. During the period of rapid urban expansion since the mid 1980s, manufacturing sector has doubled its share of GDP from 9.69% (at constant price) in 1985-86 to 18.36% in 2011-12 (at constant price). This manufacturing growth has occurred in the two metropolitan poles of Dhaka and Chittagong and to a lesser extent in the north-west to south-east diagonal transport corridors that has Dhaka at the centre.

However, it is not only manufacturing growth which has underpinned the economic story of urbanization. There have been two other equally significant economic stories, one a service sector driven growth of secondary cities and the other a remittance-fuelled urban consumption boom in the villages.

An important dimension of the urbanization-growth interface in Bangladesh is that it has neither been an enclave type development i.e. an exclusively export-sector driven process of growth and urbanization, nor has it been a narrowly local one unconnected to the global economy. A critical finding of the PPRC Study is that just as only 2 export industries have accounted for 45% of L&M manufacturing value addition, taken as a whole domestic demand has been the principal driver of manufacturing growth. The supplementary case study on rise of industrial hubs brings out this interplay of domestic and international factors in underpinning the urbanization-growth interface.

### *Urban Poverty*

Knowledge gaps and lack of analytical understanding is particularly acute when it comes to urban poverty. Take the case of slums. Contrary to commonly-held notions, studies have shown that there is no 'typical' slum; the differences between such settlements can be as significant as their commonalities. In Dhaka and Chittagong, a striking new development is the privatization of slums. The urban poor has come to constitute a lucrative housing market for unscrupulous land-grabbers and corrupt politicians and officials who establish informal housing settlements often on disputed public land. The typical targeting strategies that have worked so well in dealing with rural poverty is really off the mark when it comes to dealing with these different kinds of vulnerabilities.

The reality of urban poverty poses the challenge of going beyond the usual economic measurement exercises that often obscures an equally important analytical task, one more sociological in nature, namely the human faces of the urban poor. Getting this in focus is important because the urban poor, unlike the rural poor, enjoy less residential fixity and hence are more identifiable through other characteristics such as occupation, locational vulnerability etc. Urban poor also often suffer from a reality of being 'illegal citizens' within the urban scenario with greater burdens of insecurity and social discrimination. For these reasons, there is a derivative problem of statistical invisibility for the urban poor because public and private sector statistical systems tend to favour the 'formal' and prefer residential identity as the basis for statistical inclusion. This is precisely the reason why the informal economy, despite providing by one estimate between 30 and 70 % of employment, remains largely invisible in national statistics.

Overcoming the statistical invisibility represents both a research and a social challenge. Social and policy mind-sets often have negative views on the occupational spaces the urban poor occupy. It is thus important not only to measure the urban poor but also to make visible and give legitimacy to the broad social faces of the urban poor. These may include the following: street vendors, rickshaw-pullers, low-wage workers in formal and informal enterprises, petty shop-keepers, artisans, home-based workers, domestic workers etc. There may be other categories of the urban poor who do not necessarily suffer from the above problem of statistical invisibility but nevertheless

merit attention. These are fixed income employees and impoverished middle classes who often do not qualify for policy attention on current yardsticks.

### **3 Four Specificities of Urbanization in Bangladesh**

Some of the unique features of urbanization in Bangladesh need to be kept in perspective. Four such features stand out.

#### ***From rural-urban divide to rural-urban continuum***

Average population density currently stand at 1016 (Population Census, 2011) and is expected to double by 2050 making the average density for the whole country akin to a city density. Rural-urban divide is thus not only giving way to a rural-urban continuum but the greater likelihood is that of continuous urbanization. In such a scenario, transport networks and land-use planning assume a level of super priority. Unfortunately, in both of these areas policy focus is seriously remiss.

#### ***Transport corridor-centric urban growth***

The second unique feature of urbanization in Bangladesh is that urban spatial and economic growth is primarily taking place along transport corridors. Both population density and economic density maps show urban growth concentrated alongside a northwest-southeast diagonal and along some border transport corridors. This suggests a compelling short run rationale of prioritizing urban investments in these growth corridors to maximize the potentials already created on the ground.

#### ***Policy-induced primate city development***

The third unique feature to highlight is that Dhaka's growth as a primate city is to a considerable extent policy-induced, an outcome of extreme centralization of authority and decision-making that in many ways is a historic reversal of a relatively more decentralized past. Dhaka alone contains 37% of total urban population, conforming to the classic case of primate city in which the population of the largest city is more than the combined total of the three next largest cities. Primate cities are not seen in China and India but can be seen in Thailand and Japan. The primacy index for Dhaka in 2001 was 2.05 meaning that Dhaka population was 2.05 times larger than the combined total population of three next largest cities – Chittagong, Rajshahi and Khulna. The index has risen to 2.12 in 2010.<sup>4</sup> But a twist on these statistics is that to a significant extent, such a primate city tendency is policy-induced. Dhaka's inexorable growth as primate city is mirrored in the extreme centralization of decision-making and political authority. This is an issue of relevance not only to the urban agenda but has specific consequences detrimental to the agendas of balanced development and livable cities. The over-focus on Dhaka ignores other potential economic hills coming up such as Jessore and Bogra. At the same time, the centralization tendency has progressively weakened city governance that is independent and responsive to the needs of the citizens. Institutionally and jurisdictionally weak city governments are a key factor behind poor services and planned urban growth.

#### ***Social poverty despite economic gains***

Between 2005 and 2010, extreme poverty in urban areas was reduced by 50% (from 14% to 7%: HIES 2005, 2010). During the same period, urban literacy rate rose only by 2%. The divergent outcomes on economic and social indicators present one of the challenges of urbanization and in particular bring into focus the burgeoning problem of urban poverty. At a global level, this problem has already been recognized in the framing of the MDGs of which target 7D is "Achieve significant improvement in lives of at least 100 million slum dwellers by 2020". Interestingly,

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<sup>4</sup> Mannan, M.A., 2010, *Migration and Urbanization*, Background Paper prepared for Urban Strategy Study, PPRC

this challenge of improving the lives of the urban poor is often in a conceptual quandary because attempts to understand urban poverty through the prism of rural poverty runs afoul of contradictory findings – a contrasting reality of economic opportunities on one hand and significantly greater social vulnerabilities of eviction threats and lack of public health and education opportunities on the other.

#### **4 Managing the Urban Transition**

Urbanization is a compelling and growing reality. Managed or ignored, the process will soon come to determine our economic prospects and the quality of our social lives. A double-edged sword, urbanization has both been a growth driver but has also brought unsustainable downsides. Managing the urban transition well will thus be key to whether Bangladesh fulfills its ambition of graduation to a middle income country status. The challenge here is to be strategic in choosing the policy space to address the urban transition.

An eight point policy space is suggested each of which is individually significant but also constitute cross-cutting and core components of an integrated policy vision.

- ***Overcoming the urban infrastructure deficit***

Overcoming the urban infrastructure deficit is central to both the growth and sustainability agenda of urbanization. Of particular significance here is the issue of ***mass transit*** for the metropolitan centres of Dhaka and Chittagong. While there appears to be no dearth of projects, the overall reality is one of a piecemeal approach that defeats the very purpose of an integrated transport network. The fate of the Dhaka Strategic Transport Project is a glaring case in point. Success on urban infrastructures also requires ***innovations in resource mobilization***.

- ***Improving urban governance***

Improving urban governance is a problem of long-term and sustained engagement requiring both political mobilization against vested interests and a continuing and active search for intermediate solutions to specific governance problems. However, three primary drivers of urban mis-governance in cities like Dhaka may be highlighted: land markets, route franchising and property taxation.

- ***Transcending colonial planning paradigm***

Global experiences show that managing cities is no longer about traditional planning. The city is an integrated reality and requires a new style of management that prioritizes integration, managing trade-offs and civic engagement. Building such urban management capacity will have to a key priority.

- ***A focus on skills***

The skills component straddles the growth, poverty and urban management agendas. Already many of the leading industries report a growing shortage of domestic skilled manpower. The presence of a sizeable foreign work force in higher-level jobs within these industries is but one indicator of this skill shortage. The skills issue is also central to the issue of more effective urban management.

- ***Services with standards***

Sustainable urban life is to a large extent dependent on availability of services such as housing, transportation, water, sewage, waste management, energy and public spaces. The issue, however, is not only one of availability but also of standards which impinge upon the vital issue of quality. Developing and strengthening institutions of quality control, grievance redressal and accountability is a key priority in this regard.

- ***Urban poverty***

Not only does urban poverty suffer from a relative problem of 'policy invisibility', the issue is compounded by a tendency to address urban poverty through an unfiltered lens of rural poverty. Yet evidence points to need for substantial re-thinking in strategy that needs to build on empirical insights such as the preponderance of social poverty despite economic gains amongst the urban poor.

- ***Urban resilience***

An integrated urban policy vision has also to prioritize the issue of environmental sustainability and the concomitant theme of urban resilience. Bangladesh being one of the high-risk countries on climate change, this issue has a built-in priority which however is more ignored than respected. The urban fringe i.e. where the city boundary is expanding, is often a site of extreme mis-governance with reckless disregard of environmental norms. The challenge here is not merely one of policy but more importantly of political economy and governance.

- ***Civic culture***

An issue rarely into focus in the urban discourse is ***civic culture***. For example, the problem of urban congestion stem not only from inadequate infrastructure and poor governance but as importantly from norm and rule-flouting citizen behavior. Many of the urban solutions have to come from community initiatives. Good practice examples from around the world exist in this regard and a viable urban strategy has to prioritize this issue.