BANGLADESH POVERTY WATCH REPORT 2025



Institute for Inclusive Finance and Development (InM)
and
Center for Inclusive Development Dialogue (CIDD)

BANGLADESH
Poverty Watch Report 2025

Demystifying Poverty Dynamics of Slum Dwellers in Dhaka City

Ending poverty is a political choice

"Slum dwellers in Dhaka city resist stigmatising narratives of 'neighbourhood blame' by constructing counter-narratives that frame informal settlements as a 'good place for the poor'. These place-based narratives emerge from shared experiences of informality and associational life in a city where such populations are needed yet unwanted. While residents of these neighbourhoods are acutely aware of the temporariness and illegality of unauthorised settlements, these narratives produce solidarities to resist eviction and serve to legitimise their claim to the city."

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The Bangladesh Poverty Watch Report 2025 is the fourth in the series of this Report jointly prepared by the Institute for Inclusive Finance and Development (InM) and the Center for Inclusive Development Dialogue (CIDD).

These Reports aim to ensure that grassroots voices of the 'left behind' disadvantaged and excluded populations are heard, and their voices are reflected in policies. More specifically, the Poverty Watch Report 2025 examines the nature, extent and the dynamics of the slum dwellers in Dhaka city – which are concentrated in old city areas, along rivers and rail corridors, and on the city's fringes where rapid urbanisation, poverty, vulnerability, exclusion and weak urban planning intersect. In the process, the Report brings out the testimonies, reflections and 'stories' from shared experiences of informality and associational life in this mega city where these slum dwellers are highly needed, yet remain unwanted.

The central part of the Report consists of the voices and opinions drawn from face-to-face interviews and meetings with individuals from selected slums in Dhaka city conducted during September-December 2025 as part of the research undertaken for preparing this Report. In the 'stories', the participants shared their experience of living in slums that led to their deeper poverty and exclusion; putting them into extremely difficult conditions re-inforced by systemic failures and structural inequalities.

During interactions, the participants 'wrote' their own life stories; the biggest value added of which is the insights into the 'process of deepening of poverty and deprivation' in their communities. This has been the first step in framing of recommendations for empowerment, inclusion and recognition of their voices in designing policies and measures for their wellbeing and socioeconomic inclusion.

The Report also highlights the poverty dynamics in selected slums of Dhaka city using field level data and information, discussion meetings, and case studies, identifying the priority policy agenda for the slum dwellers.

The analysis brings out emerging priorities for policies as well as recommendations for policy makers which are intertwined throughout the Report. The key value addition emerges from testimonies, reflections, proposals and 'stories' of persons who are victims of endemic poverty and exclusion in Dhaka city, often described as 'dark shadows under the light'—a poignant metaphor for the extreme socioeconomic disparities, where the glitter of modern, wealthy, and developed urban areas directly obscures the poverty, neglect, and precarious living conditions of the marginalised communities living in their immediate shadow.

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1

Overview

"Amidst the many human dramas that the urban slum dwellers face, you'll find also in them many virtues and a tradition of sharing that has much to teach to the rest of the society. And, when organised, the people power of these poor slum dwellers can have an important role in changing the country's politics and power balance".

Compassionate people in our society should have a special interest in the poor because the Creator (Almighty Allah) has a preferential love for the poor, and we should seek mercy from Him through helping the poor. The politicians should have an equally strong interest in the poor people, because it is highly unlikely that there will ever be any serious socioeconomic reform in the country until the poor are organised politically in a democratic manner to create an inclusive society. Similarly, people who admire human virtue, courage and tenacity, should look closely at the poor, particularly the urban poor in the slums of Dhaka city. If they look with empathy at these poor, they will see great human virtue in muddy alleys and garbage piles – amidst the many human dramas they face in their daily life.

With many cities in the Global South experiencing immense growth in informal settlements, city authorities frequently try to assert control over these settlements and their inhabitants through coercive measures such as threats of eviction, exclusion, blocked access to services and other forms of structural violence. Such coercive control is legitimised through the discursive formation of informal settlements as criminal and unsanitary, and of the residents as migrants and as temporary and illegitimate settlers. Ethnographic researches carried out in informal settlements of Dhaka city provide vivid examples of how informal (bustee) settlers engage with and resist territorial stigma in this rapidly growing megacity. Most often these slum dwellers resist stigmatising narratives of 'neighbourhood blame' through constructing counter-narratives that depict slum settlements as 'good urban living places for the poor'. Such place-based narratives emerge from shared experiences of informality and communal life in a mega city where these populations are highly needed but remain unwanted. No doubt, the slum dwellers are very much aware of the temporary nature and illegality of their unauthorised settlements. Yet such narratives create solidarities among themselves to resist eviction and serve to legitimise their claim to the city life.

Box 1: Conceptualising urban 'slums'

UN-Habitat defines a slum household in operational terms, as lacking one or more of the following indicators: a durable housing structure; access to clean water; access to improved sanitation; sufficient living space; and secure tenure. The first four rely on conventional definitions; the last is the most difficult to assess and is not currently used in slum measurement (UN-Habitat, 2003). In this study, the terms 'slum' and 'informal settlements' are used rather interchangeably. It is, however, recognised that these words need to be employed carefully and that the term 'slum' should not be taken lightly (Gilbert, 2007).

There is significant evidence that the elements that make up the definition of slum feature among slum dwellers' major concerns. For example, slum dwellers in most studies identify access to basic infrastructure, such as toilets, water supply, among others, as their priority. Some studies identify tenure insecurity among the top concerns for slum dwellers.

Of course, residents of slum settlements require improvements in a number of areas that go beyond those included in the slum definition (e.g. access to jobs and income-generating opportunities, safety and security, schools and hospitals and access to other basic infrastructure, such as garbage cleaning, roads, road lighting etc.).

Source: Authors' compilation

According to the 2022 Slum Statistics of Bangladesh published by the Bangladesh Bureau of Statistics (BBS), total number of slum population is estimated at 1.74 million in the country. On the other hand, 2014 Census of Slum Areas and Floating Population of BBS mentions that there are a total of 13, 935 slum areas (2,991in 1997) in the country with a total population of 2.23 million (1.39 million in 1997). The above shows a huge discrepancy between the slum statistics of the two sources of BBS. In particular, the 2014 Census reports that the slum dwellers constitute 6.33 per cent of the total urban population of

the country and show an annual growth rate of 2.7 per cent. The above shows that the number of slum dwellers is rising much faster than the population growth rate in the country.

Slum dwellers are also highly concentrated in the big metropolitan cities. According to the 2014 Census of Slum Areas, nearly 30 per cent of the country's total slum population is concentrated in the Dhaka City Corporation (North and South together) followed by 22 per cent in the Chattogram City Corporation. Among the remaining 48 per cent of the total, about 21 per cent resides in the remaining eight city corporations while 22 per cent lives in the municipal areas and 5 per cent in other urban areas of the country. Obviously, these figures are somewhat dated and ongoing trends indicate that there has taken place much higher concentration of slum population in the bigger cities especially in Dhaka and Chattogram as well as in industrial agglomeration such as Gazipur.

Some recent estimates put the number of slum dwellers in Dhaka city at around 3 million who were forced to migrate to the city mostly due to lack of livelihood opportunities, worsening poverty, and climate related displacement in the vulnerable rural areas where they used to live. While in Dhaka, these poor people usually take refuge in over 5,000 dense, informal settlements (popularly known as bustees) where they face severe overcrowding, inadequate water supply and poor sanitation, unhealthy living conditions and constant threat of eviction. These people get involved mostly in informal activities with many working as low-paid labourers in construction and other activities, rickshaw pullers, petty traders on the street or domestic helpers. Available evidence shows that nearly two-thirds of the slum dwellers were forced to move to Dhaka city for economic reasons, including loss of houses, land and crops due to river erosion and other environmental disasters and onslaught of poverty. The most common features of living conditions in these slums include high-density, one-room houses mostly made of corrugated iron sheets along with high rental costs relative to their incomes. The residents face severe water scarcity, lack of proper sanitation (e.g., hanging latrines), and high exposure to diseases like diarrhea, asthma and skin diseases. These slum dwellers live in highly vulnerable conditions where eviction is a constant risk, with many frequently displaced due to urban development activities.

Box 2: Characteristics of selected major slum settlements of Dhaka city

Dhaka City's slums are concentrated in old city areas, along rivers and rail corridors, and on the city's fringes where rapid urbanisation, poverty, and weak urban planning intersect. Notoriety reflects size, visibility, duration, density, and recurring media or policy attention.

1. **Korail:** Located between Gulshan and Mohakhali, this is the largest slum settlement in Dhaka city. The slum is extremely dense, has multi-storied informal housing with precarious land tenure, limited formal services, frequent fires and eviction threats. Major challenges include sanitation, flood/river erosion risk, child labour, precarious livelihoods in informal economy; frequent NGO intervention and media focus.

2. **Begunbari:** This slum is located in Tejgaon/Kallyanpur industrial belt. This is a large and long-standing community with mixed residential and industrial adjacency, insecure tenure, poor drainage and water access. The major issues include high pollution exposure, occupational hazards, and frequent clashes with housing development agencies.

3. **Shakhari Bazar/Chawk Bazar fringe:** Located at the Old Dhaka core, there exist several contiguous slum pockets. These are characterised by historic dense settlement, narrow lanes, and multi-generational dwellings. Major risks cover fire risks (narrow alleys), sanitation collapse during festivals, high population density.

4. **Hazaribagh:** Once located along Tongi–Dhaka urban fringe, the tannery area near Buriganga river has now been largely relocated. This slum is notorious for hazardous tannery pollution and

extreme poverty. Recent major evictions and relocation of tanneries (from Hazaribagh to Savar) have transformed the area, but legacy of social vulnerabilities still persist.

5. **Korail extension pockets and adjacent settlements:** Surrounding Korail and other informal expansions near affluent areas, slums of spillover colonies of migrant labour, high-rise informal structures and informal markets have emerged. There exist acute scarcity of essential services and periodic clashes over land.

6. **Mirpur and Mohammadpur informal settlements:** Located at northwest and west Dhaka city, these are sprawling low-income neighborhoods, mixture of brick and tin-roof houses. Issues cover encroachment on canals, recurrent flooding and inadequate waste management.

7. **Rail-line slums (along Kamalapur–Narayanganj lines):** These are located alongside major rail corridors and stations. These slums are characterised by transient populations facing extreme vulnerability to eviction and accidents. Issues include safety hazards, lack of sanitation, and periodic mass eviction by the authorities.

8. **Buriganga riverbank communities:** Located in riverbanks along Buriganga and other waterways, the slums are characterised by makeshift houses on embankments having high exposure to pollution and flooding. These are highly susceptible to river pollution (industrial effluent) and erosion-driven displacement.

The available estimates of slum population vary significantly and many of these settlements are in a 'fluid' state: new pockets form while others shrink or are cleared. Drivers: rural–urban migration, scarcity of affordable formal housing, land speculation, weak enforcement of zoning, and chronic poverty are the major drivers of rising number of slum settlements. Despite physical differences in locations, the common problems of slum dwellers include insecure tenure, overcrowding, inadequate water and sanitation facilities, fire risk, flooding, health hazards, incidence of child labour, exposure to industrial and air pollution, social violence and forced evictions or redevelopment pressures. Often the outcomes of interventions such as credit and support services programmes of NGO-MFIs as well as donor-funded upgrading projects, relocation programmes, and market-driven redevelopment efforts for the slum dwellers vary widely; while social networks and livelihoods often survive relocations -- but only partially.

It is seen that the rural poor people have lower cash income than the urban slum dwellers but, in other ways, slum poverty is worse; for example, in matters of health, living conditions and security. Dhaka, like most other metropolitan cities in the emerging countries, fails to ensure the most basic safeguards to the millions of the poor living in the slums for good health, such as safe water; hygienic toilets; drainage facilities where stagnant puddles of water breed typhoid, cholera and dengue; healthy living conditions; security especially for girls and adolescents; emergency services; and other basic facilities of urban life. In addition, with uncertain income from informal activities, the slum dwellers often face dwindling real incomes to meet minimum basic needs due to high food inflation along with unexpected expenses to meet socio-political and other emergencies.

Education provides the best pathway for the children of slum dwellers for moving out of extreme poverty and deprivations and move up to better living conditions. Schools in the urban poor areas miserably fail to ignite any thrust for education among the slum children. There are often too many children in a classroom, few textbooks, lack of basic facilities and trained teachers. It is common to meet boys and girls in the schools who could not achieve the minimum standards needed in their specific grades. Further, hundreds of children who begin in Grade one drop out of the schools often to work as child

labour to help their families to survive or because they do not have the money to meet education related expenses.

Women and girls face specific problems in the urban slums. They have little privacy, if any. They live constantly amid violence both outside and inside their homes. Water and cooking fuel are scarce so there is not enough for them to meet basic requirements. Overall, women undergo the sad experience of seeing their children grow up just as they themselves did with no more chance of escaping the slums than they had.

No doubt, there are many dimensions to the problems of these urban slums, but one can also note that despite the unhygienic living conditions, congestion, violence, stagnation of lives and apparent futility of it all, men and women living in slum dwellings keep on trying to raise their children well and love one another. One can also find great virtue in the midst of multiple sufferings. For example, although there are numerous couples who do separate, but there are many more who honour their promises to live together in poverty and daily hardships along with fear of fire and evictions.

On the other hand, these people, especially women, fear the speed with which simple arguments among some residents can turn into fatal fights. Some women fear their husbands may suddenly disappear leaving the family and children without support and protection. Parents know their young children may get injured or die in accidents in the crowded slums. Although there is not enough scientific evidence on the mental health status among the urban slum dwellers, it is more likely that depression among them is high, certainly higher than among the rural poor since depression is more likely to descend on people who foresee little hope of improvement in their lives, yet witness unimaginable wealth around them in the metropolitan city. The sharp contrast no doubt depresses the slum dwellers deeply. The more these people fight to improve their lot and mostly fail, the more their sense of inferiority deepens until they become convinced deep down in their consciousness that they are the born losers.

As a consequence, drugs are more common in the urban slums these days, especially in the larger slums. Attempts by the law enforcing agencies, who tried to control the spread of drugs, have largely failed so far. At present, one can notice the present rise in drug addiction and trade in the slums of Dhaka city as it happened during the beginnings of the militant drug culture that literally took over urban poor areas in Brazil and other Latin American countries. If the process is not reversed, Dhaka slums will be dominated by ‘drug lords’ as it had happened in Brazil. If it happens, slum dwellers in Dhaka city will experience a new dimension of fear and helplessness. In that case, the drug rings would control the entire life of the slum dwellers, adding more violence and killings.

One may emphasise that the slum dwellers of Dhaka city are basically rural people who were born in poor families in the poorest regions of the country or who lost their land and homestead due to river erosion or other calamities. They had to migrate to Dhaka city (and other big cities) not so much because they are attracted by the ‘city lights and opportunities’ often termed as ‘pull factors’, rather their migration is mostly governed by ‘push factors’ as they were forced to leave the rural areas due to lack of opportunities for livelihood. The persistence of ‘urban bias’ in development usually leaves the rural areas, especially those located in unfavourable ecology, without adequate physical infrastructure and communication facilities, irrigation for profitable cultivation, schools and healthcare facilities, post-harvest and processing services, non-crop agriculture and nonfarm activities (e.g. cottage, micro, small and medium enterprises, CMSMEs) that could have created adequate livelihood and job opportunities. Thus, it is not the fault of the rural migrants who come to Dhaka city and take shelter in the slums without any money or skills. Under the existing circumstances, it is their fate that they must live in the slums in Dhaka city, most often renting a single room for the whole family or moving in with relatives. They cannot afford formal housing. The available jobs are not attractive either – scavenging, unskilled labour (e.g. helper in construction work), petty vending (e.g. selling vegetables, cooked food,

etc.), work as part time housemaids or as day labourers in the markets, and other odd jobs. Most of these jobs are on a daily basis or petty self-employment with low returns. There is very little scope for the majority to save money, or improve skill levels and get out of living in slums. Those few who are fortunate enough to get out of slums are benefited from having someone in the family working overseas or completing higher education and getting a formal job. The fact, however, remains that most remain victims of a very unfair and cruel socioeconomic system. For these urban slum dwellers, the present destiny is to abandon all hopes for a humane and better living.

Nevertheless, the slum dwellers of Dhaka city have developed a tradition of sharing of what they have among themselves and efforts to form participatory organisations to take part as an organised force in the processes that affect their living and livelihoods. Although this still remains a sporadic force, it probably marks the beginning of their journey on the right track to fulfill their future expectations. In a dynamic sense, the slum dwellers of Dhaka city are not passive victims. They share both sorrows and joys among themselves and build their own safety nets. If one family does not have food, money, or medicine or someone to care of a child, their neighbours usually come forward to help if they can. and they will get what they ask for if the neighbor has it. This is hardly seen among the better off urban households. Over time, this sharing practice builds strong bonds of unity and affection among the slum dwellers. This social network of sharing strengthens their informal organisations which could become strong enough over time to give these people a chance to make their voices heard by the decision makers in matters that affect their lives. No doubt, these organisations could emerge as the vessels of slum people's power. Efforts are needed to create a favourable environment that supports the growth of strong democratic organisations of the slum dwellers which would allow them to analyse their problems and implement own solutions. This process would also allow the growth in their creativity as well. Such organisations would further create platforms where the solutions can be debated and negotiated to make them more realistic and effective. For example, organisations of slum dwellers of Dhaka city could form alliance with concerned architects to draw up alternative housing programmes for the slum dwellers on government khas land which could be allocated by the government.

As UN-Habitat maintains, 'So far, the failure of urban planning and the construction sector in matching demand for homes has resulted in a huge housing backlog that has led to the development of slums in a variety of contexts globally'. It further reports, 'Due to constraints in formal housing and land delivery systems, more and more people who would otherwise qualify for housing programmes are resorting to slum settlements'.

Objectives and Report Outline

The Poverty Watch Report 2025 explores the poverty dynamics among the slum dwellers of Dhaka city through adopting an integrated framework. The primary aim is to capture the grassroots voices of the 'left behind and poor slum dwellers' of Dhaka city who live under extremely vulnerable conditions in every aspect of their life, and recommend that their voices are reflected in relevant policies. In the process, the Report highlights several issues:

* Recent updates on traditional income poverty and multidimensional poverty index (MPI) at national and subnational levels in Bangladesh and their implications.
* Manifestation of physical space and urban poverty interface among the slum dwellers in Dhaka City.
* Empirics of recent dynamics of slum poverty in Dhaka City using primary data collected from

randomly selected slum dwellers in purposively selected slums representing different locations across Dhaka city.

* Emerging priorities for policies and actions as well as challenges faced by the slum dwellers of Dhaka city in particular and other urban locations in general in Bangladesh.

The underlying assessment of the Report adopts an analytical approach that utilises both qualitative and quantitative research using both primary and secondary data and information. Finally, conclusions and policy actions have been drawn using the survey findings as well as the 'voices of the slum dwellers' collected through focus group discussions (FGDs) and case studies.



2

Poverty in Bangladesh: Recent Updates

"To be excluded from common facilities or benefits that others have can certainly be a significant handicap that impoverishes the lives that individuals can enjoy. No conception of poverty can be satisfactory if it does not take adequate note of the disadvantages that arise from being excluded from shared opportunities enjoyed by others".

-- Amartya Sen

In reality, poverty is not only about lack of income and material wellbeing. Poverty has many other nonmaterial dimensions including lack of opportunities and choice, power and voice, security, basic rights and exclusion. Thus, a person living in poverty is not only resource-poor, but poor in many of these dimensions.

Understanding of the complexities and how poverty is manifested for different groups of people is fundamental to defining effective policy measures and approaches to reduce poverty. In most cases, multiple deprivations interplay to push people into poverty and exclusion.. Being poor in terms of security may result poverty in terms of opportunities. Being poor in one dimension may also aggravate poverty in another dimension. Conversely, improvements in one dimension may reduce poverty in another dimension.

Moreover, the process of identifying the poor in different dimensions varies with gender, age, sexual identity, ethnicity, religion, indigenousness, disability and other social attributes. Gender dimension always matters; further gender intersects with other social attributes. When several layers of discrimination and deprivation overlap, poverty deepens. It is also important to consider geography, the urban/rural divide, marginalised communities, ethnic minorities, migrants and forcibly displaced people and people affected by conflict and natural disasters.

Poverty is not only multidimensional; its manifestations vary across locations and communities of population as well as by their levels of development. The poor are mostly identified, in terms of private consumption below an objective 'poverty line', but those considered non-poor in terms of current consumption and income may be poor in terms of capabilities and welfare.

Such non-linearities between consumption levels and other aspects of welfare and capabilities are more prominent in 'hard-to-reach' areas and 'left-behind' communities where limited access to markets, basic services, and information to knowledge and technology can lead to drastically different levels of welfare and capabilities, not necessarily reflected in current consumption levels.

Living in or near poverty also affects a person's vulnerability to climate change, different types of risks and disasters that can push them into poverty, deepen their existing poverty or push them into perpetual poverty. These links between poverty and vulnerability are not linear; rather complex and dynamic. These depend on how people are poor in various dimensions, their capability to withstand risks, available resources and opportunities and their ability to manage risks, and how these affect their exposure to risks.

Thus, understanding risks and vulnerability is an important component of understanding the multidimensional nature of poverty among women, men, girls and boys. When people are poor in multiple dimensions, there is an increased likelihood that they will not have—or not have access to---the resources and opportunities needed to manage risks and maintain their well-being when exposed to shocks. Furthermore, different risks are more likely to have a severe impact on people living in poverty.

In reality, poverty is more than just material deprivation; money and statistics cannot provide a full picture of poverty. Self-realisation and individual experiences are important dimensions of poverty. Self-categorisation can sometimes be more compelling than what a researcher – or any other person analysing the criteria to decide who is poor – can observe as critical for the poor. Nor do persons living in circumstances of great scarcity necessarily see themselves as poor.

Without personal experiences, views on poverty and poverty analysis itself would be rather 'bleak and cold' with many relevant aspects of poverty remaining in the dark. One is unlikely to understand a situation which he/she has not experienced personally, so that the real experiences of living in poverty remains unearthed. If someone has never fallen seriously ill, he/she won't understand what one feels

when one is seriously ill, because 'we all have our limitations'. If one hasn't experienced poverty, it would be rather easy to say what one thinks about poverty.

When one is poor—over days, year after year, and over generations—he/she is speechless. How can one describe the exhaustion, hopelessness, sense of being stuck, depression, falling down and scrambling up again? The fact is that not everyone is able to cope with such a life. Many tragedies have their origin in such everyday experiences of poverty. But most people are determined to keep going. When it becomes too much, they may take a break for a while. And then, they will go on for a better living. This has been the enduring story of humankind over centuries of human civilisation!

As such, in addition to poverty and inequality analysis at national and regional levels, this Report depicts the 'stories' told by people from selected 'left behind' communities who are experiencing poverty and exclusion in Bangladesh. From the social equality perspective, these people need to be heard in society and their views need to be taken into consideration in making policy decisions.

2.1 Trends in Bangladesh's National Poverty

Poverty in Bangladesh has declined remarkably since the early 2000s, as a result of decades of accelerated economic growth and rapid socioeconomic development. It is widely recognised that, after independence in 1971, Bangladesh's poverty rate was extremely high estimated at more than 80 per cent in 1972. According to the Household Income and Expenditure Survey (HIES) data, national poverty headcount rate has declined to 18.7 per cent in 2022 (Table 2.1).

Table 2.1: Poverty headcount rates in Bangladesh

	% of population below upper poverty line					% of population below lower poverty line				
	2000	2005	2010	2016	2022	2000	2005	2010	2016	2022
National	48.9	40.0	31.5	24.3	18.7	34.3	25.1	17.6	12.9	5.6
Urban	35.2	28.4	21.3	18.9	14.7	19.9	14.6	7.7	7.6	3.8
Rural	52.3	43.8	35.2	26.4	20.5	37.9	28.6	21.1	14.9	6.5

Source: BBS, HIES reports, various years.

The national poverty headcount rate declined by nearly 62 per cent (30 percentage points) between 2000 and 2022. In 2000, nearly 49 per cent of Bangladesh's population was poor (per capita consumption below the upper poverty line) as compared with 19 per cent in 2022. The percentage decline in poverty rate was almost similar in urban (58 percent) and rural areas (61 percent).

A notable feature of recent poverty reduction is a sizeable decline in the incidence of extreme poverty. The percentage of population under the lower poverty line -- the threshold for extreme poverty -- fell by nearly 84 per cent (or 20 percentage points) between 2000 and 2022. A fall of 81 per cent (or 16 percentage points) occurred in urban areas and 83 per cent (31 percentage points) in the rural areas (Table 2.2). The percentage decline in extreme poverty rate is thus more than that in the poverty rate, which shows higher growth in per capita consumption for the bottom two deciles.

During the period, the fall in poverty headcount rates has been large enough to significantly reduce the number of people living in poverty and extreme poverty. The numbers of population below the upper poverty line and lower (extreme) poverty line declined by nearly 31 million and 34 million respectively between 2000 and 2022. However, it must also be remembered that an estimated 31 million Bangladeshis still live below the (upper) poverty line in 2022, and nearly 10 million among them live below the lower or extreme poverty line.

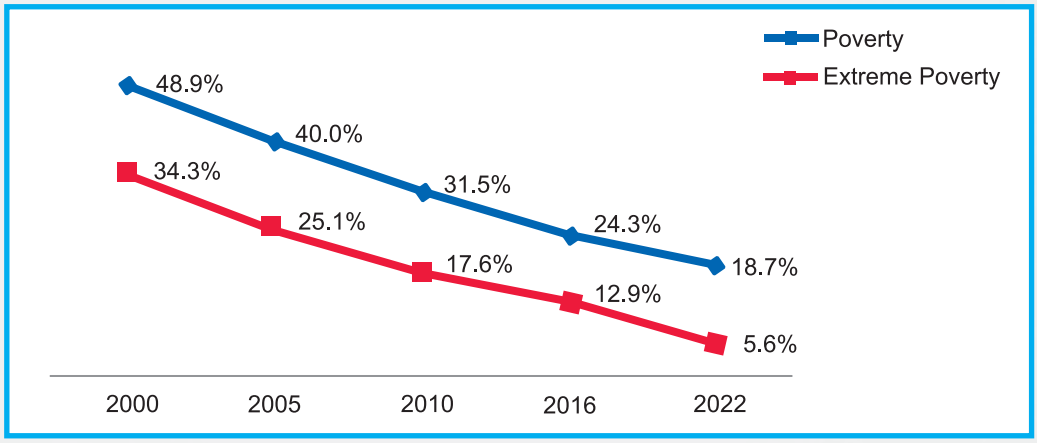
The depth (poverty gap) and the severity (squared poverty gap) of poverty have shown significant improvements as well; falling to 3.8 per cent and 0.9 per cent respectively for the upper poverty line in 2022 (BBS, 2022). The rates of decline are similar for both urban and rural areas.

The above trends suggest significant improvement among those living below the poverty line. A fall in poverty gap indicates that the average consumption of the poor has improved, while a decline in squared poverty gap implies more equitable distribution of consumption among the poor. These improvements have also taken place at similar rates for the urban and rural poor.

It may, however, be noted that, while the rural-urban gap in poverty rate is narrowing down, the gap still remains considerable. The rural poverty rate in 2022 is 20.5 per cent compared with the urban poverty rate of 14.7 per cent. Thus, although the rural areas account for about 68 per cent of the total population of Bangladesh, they are home to more than 76 per cent of the poor people in the country. Since these poverty rates are measured by consumption based indicators in Bangladesh, rapid growth in consumption is the primary contributing factor.

However, since there exists a large disparity in the initial distribution of consumption between the poor and the non-poor, even similar growth rates for all consumption groups would necessarily imply an increase in the average size of the gap in consumption between the poor and the non-poor.

Figure 2.1: Poverty and extreme poverty headcount in the 2000s



Source: BBS, HIES reports, various years

Despite the recorded progress in poverty reduction so far, the pace of job creation and poverty reduction seems to have slowed over the last decade -- a period that witnessed faster economic growth. As the country is rapidly urbanising, its rural and urban areas did not experience similar poverty reduction rates in the past. The poverty rates fell in both rural and urban areas, but the speed of reduction was much slower in urban Bangladesh.

The rural areas reduced poverty impressively, accounting for the major share of poverty reduction although poverty fell more slowly among households engaged in agriculture than among households working in rural nonfarm activities. In the case of urban areas, poverty reduction was mainly driven by welfare gains among households engaged in manufacturing and construction. However, job creation in manufacturing is seen to have slowed down in recent years, limiting the number of households that benefit from manufacturing growth.

Overall, recent poverty reduction has continued to be delivered by changes in labour income rather than transfers. However, one worrisome development is that income inequality, as measured by the Gini index, has been rising in a persistent manner which reached 0.499 at the national level in 2022, turning the income distribution extremely unequal in Bangladesh. The regional poverty gap also continues to

remain high. The stronger progress of poverty reduction in the more advanced regions has widened the gap between these and the lagging regions. This is driven by the fact that structural transformations are slow in the lagging regions, with most of the fast growing and job creating sectors concentrated in the relatively advanced regions.

Along with raising the levels of income and access to basic services, enhancing social protection measures and financial inclusion are two important strategies for reduction in poverty and inequalities in Bangladesh. With the vast majority of the workforce engaged in informal employment, enhancing the coverage of social protection is critical and is a smart investment for addressing poverty. Bangladesh needs to adopt an inclusive development path that will bring down the incidence of poverty to acceptable levels. For the purpose, Bangladesh needs to overcome the current challenges faced by the economy to ensure rapid recovery from the socioeconomic disruptions, generate rapid growth and development, create productive and remunerative employment, adopt broad-based strategy of inclusiveness, and pursue a sustainable development pathway that is resilient to disaster and climate change. The return to democratic governance in 2026 and the new government's targeted efforts towards building resilience amid heightened uncertainty are likely to create conducive macroeconomic fundamentals necessary for inclusive and equitable development.

2.2 Recent Poverty and Equity Measures

Despite achieving robust growth and social progress in the 2000s, recent macroeconomic pressures have slowed the momentum and heightened the risks. Growth has slowed to less than 4.0 per cent in FY2024-25, and poverty at the international $3.0 line (2021 PPP) has been projected to rise to 8.9 per cent, with nearly 1.2 million more people at risk of falling into poverty. Labour market conditions also weakened as the employment ratio fell to 56.7 per cent in 2024, with job losses sharpest in services.

These pressures follow more than a decade of gains. Between 2010 and 2022, real GDP grew by 6.6 per cent annually, nearly doubling GDP per capita and reducing poverty at the extreme national poverty line (lower) from 12.2 to 5.6 per cent and at the absolute national poverty line (upper) from 37.1 to 18.7 per cent. Multidimensional poverty also declined from 46.8 to 21.3 per cent, alongside improvements in health, education, sanitation, and electricity access. Yet 36 per cent of the population remain vulnerable to poverty, and nearly one in three face heightened climate risks.

Rural Bangladesh saw faster poverty reduction, but poverty is still six points higher than in urban areas. Urban poverty declined more slowly, while inequality widened and structural challenges persisted, including congestion, weak job creation, and poor service quality. Labour income drove more than half of poverty reduction, but momentum weakened more recently as job quality declined. Between 2010 and 2016, poverty reduction was industry-led; from 2016 to 2022, it became agriculture-led, with young women filling two-thirds of new agricultural jobs, often in low-paying roles earning half as much as men. In 2022, youth unemployment remained high, with young women at 18 per cent and young men rising from 11 to 13 per cent. Social assistance supported 5 per cent of poverty reduction, but targeting gaps remain. Migration cushioned households, with domestic remittances contributing 1.3 points and international remittances nearly 2 points, together accounting for about 3.3 percentage points of poverty reduction.

Table 2.2: Poverty Estimates for Different Poverty Lines, 2022

Poverty line	No. of poor (in thousand)	Poverty rate (%)
National Poverty Line	30,884.7	18.7
International Poverty Line ($3.00/day)	10,009.1	5.9
Lower Middle Income Class Poverty Line ($4.20/day)	34,652.3	20.5
Upper Middle Income Class Poverty Line ($8.30/day)	121,103.6	71.5
Multidimensional Poverty Measure	…	7.4

Source: World Bank, 2025.

Table 2.3: Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	% of Population
Urban population	16.1	Daily consumption less than US$3.00 per person	5.9
Rural population	22.4	At least one school-aged child is not enrolled in school	6.7
Males	20.5	No adult has completed primary education	9.5
Females	20.4	No access to limited-standard drinking water	2.0
0 to 14 years old	25.6	No access to limited-standard sanitation	27.5
15 to 64 years old	18.3	No access to electricity	2.4
65 and older	19.8		
Without education (16+)	26.8		
Primary education (16+)	22.7		
Secondary education (16+)	14.6		
Tertiary/post-secondary education (16+)	6.2		

Note: The poverty rates in Poverty by Group table are shown at the $4.20 lower-middle income line. Data for the Poverty by Group table is derived from 2022 survey and data for the Multidimensional Poverty Components table is derived from 2022 survey.

Source: World Bank, 2025.

This recent rise in the poverty rate is linked to factors such as slowing economic growth, job losses, and wage cuts, particularly in the industrial and service sectors. Additionally, persistent high inflation has reduced purchasing power, disproportionately impacting low-income families. Despite efforts by the present government, the country continues to face many challenges, including a slow growth, escalating inflation, continued vulnerabilities in the financial sector, heightened social instability and instability in the law and order situation. Production level in all sectors has been hampered by disruptions in raw material imports, increased energy prices, and shortages in availability of power and gas. On the demand side, high inflation and growing uncertainty have dampened private consumption and investment. The trade deficit has narrowed due to reduced imports and steady export performance. Inflation has not been tamed, driven by higher energy prices and currency depreciation.

To tackle these challenges, structural reforms are necessary to ensure, among others, financial sector stability, more favourable business environment to attract domestic and foreign investments, and greater domestic resource mobilisation. These reforms are essential for Bangladesh to revitalise its poverty reduction efforts and sustain long-term economic growth.

The World Bank's recent development update on Bangladesh, published in April 2026, projects that poverty would decline from 2026 onward as growth recovers though moderately, inflation eases, and labour market conditions turn better. All these developments would support a recovery in household welfare especially for the poor and low income households. The World Bank projects that poverty would fall to 20.0 per cent in 2027although it would remain above the 2022 level of 18.7 per cent in terms of the national poverty line. The conflict in the Middle East and its adverse impact on the Bangladesh economy would obviously slow down its ongoing recovery process which started after the elected government came to power after the general election in February 2026. The projections indicate that poverty could increase by 0.8 percentage points in 2027 relative to a 'no-conflict' baseline. At the US$3.0 international poverty line (2021 PPP), poverty has been projected to decline to 8.0 per cent in 2027. If there were no conflict, it would have been 0.9 percentage points lower. This implies that about 1.6 million people could have moved above the US$3.0 poverty line in 2027 in the absence of the conflict. Inequality, on the other hand, has been projected to rise in 2027, with the Gini index increasing by 0.5 points to 34.7, pointing to an uneven recovery in household incomes across various income groups. As a consequence, although some households could move above the poverty line, many would remain financially vulnerable and at risk of falling back into poverty.

Table 2.4: Poverty and Inequality Projections for Bangladesh

Poverty Line	2022	2023	2024	2025f	2026f	2027f	2028f
National poverty rate	18.7	18.9	20.5	21.4	20.9	20.0	19.3
International poverty rate (US$3.0 in 2021 PPP)	5.9	6.3	8.3	9.0	8.7	8.0	7.2
Lower middle-income poverty rate (US$4.2 in 2021 PPP)	20.5	21.0	22.6	23.2	22.8	22.1	21.3
Upper middle-income poverty rate (US$8.3 in 2021 PPP)	71.5	71.3	70.7	71.0	70.4	69.6	69.1
Gini index	30.9	33.0	34.2	34.0	34.2	34.7	34.8

Note: f=forecast. World Bank Staff calculations based on HIES 2022 data. Actual data are for 2022, with forecasts for 2023–2025 based on a microsimulation methodology.

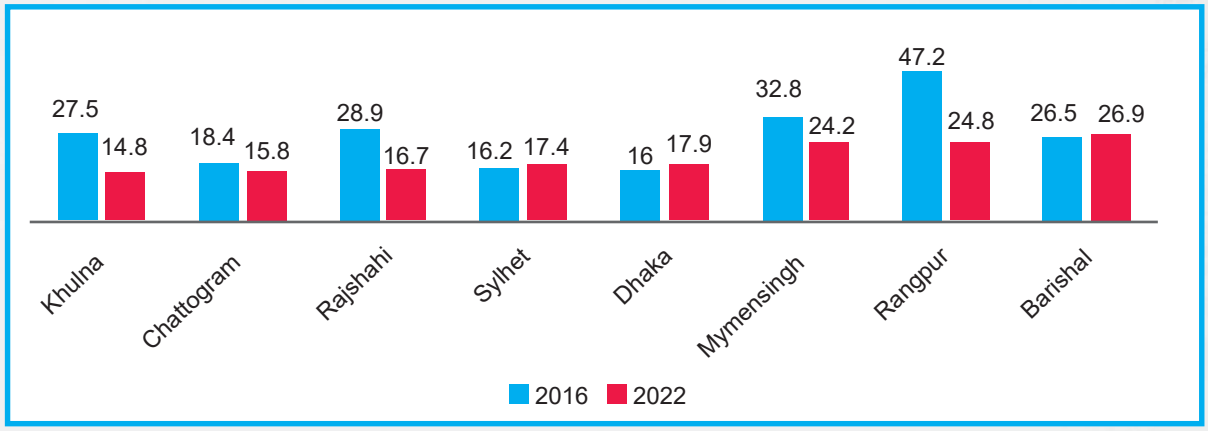
Source: Sharma et al, 2026.

2.3 Poverty at sub-national level: Poverty Map 2022

The Poverty Map of Bangladesh 2022 provides a detailed spatial picture of poverty distribution throughout the country, shedding light on regional disparities and the socioeconomic factors that drive such disparities. The map helps to pinpoint areas with concentrated poverty to help design more effective and targeted interventions. The 2022 Poverty Map highlights stark regional differences in poverty levels across Bangladesh. The national poverty rate is estimated at 20.3 per cent, with rural communities facing greater poverty hardships compared with urban areas. The rural poverty rate is estimated at 22.6 per cent, while urban areas have a lower poverty rate of 17.1 per cent.

The Poverty Map 2022 shows marked relationships between climate hazards and vulnerabilities on the one hand, and poverty incidence on the other. In the case of eight administrative divisions, Barisal is identified as having the highest poverty incidence. It may be added that Barishal belongs to the coastal region and is routinely subjected to natural disasters including floods, cyclones and salinity intrusion. Historically, Rangpur division was characterised by highest poverty incidence due to floods, river erosion and chronic seasonal food shortages commonly known as Monga. However, significant progress in poverty reduction is noted in Rangpur, where the poverty rate dropped from 47.2 per cent in 2016 to 25 per cent in 2022. In contrast, Barishal experienced a slight increase in poverty rate -- from 26.5 per cent in 2016 to 26.6 per cent in 2022 (Figure 2.2).

Figure 2.2: Poverty rates across divisions, 2016 and 2022 (in %)



Source: BBS, 2025.

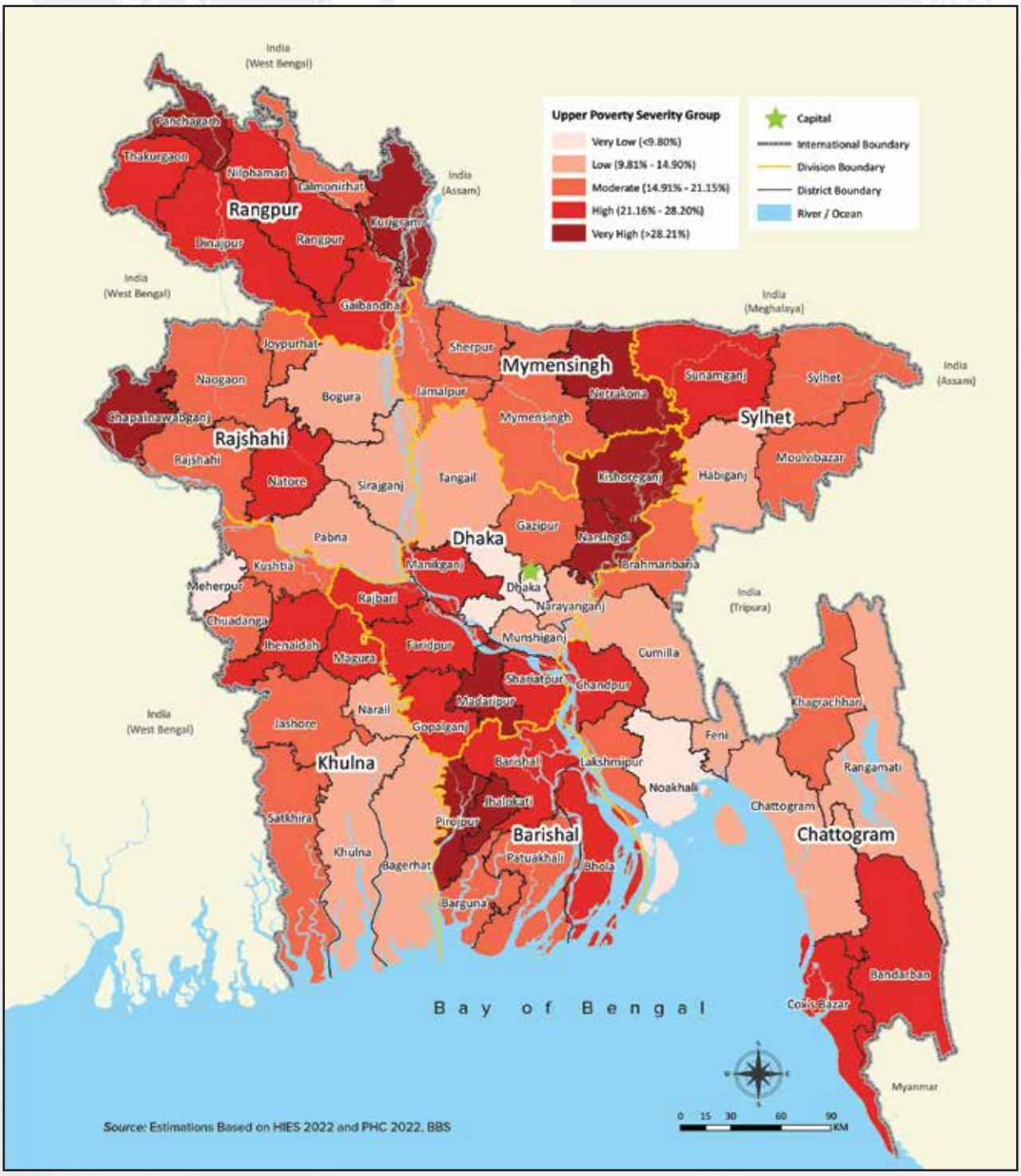
Using the small area estimation method and drawing information from the 2022 HIES and 2022 Population and Housing Census, BBS has published estimates of poverty rates across all districts and upazilas of the country. For the districts, 2022 Poverty Map shows noticeable shifts in the extent of incidence of poverty at the district level compared with similar analysis based on 2016 HIES and earlier population census reports. In the case of the earlier Poverty Map, Shariatpur, Mymensingh, Sherpur, Gopalganj, Rajbari, Kurigram, Netrokona, Barishal, Faridpur, Madaripur, and Sirajganj were among the most impoverished districts of the country. In 2022 Poverty Map, new districts such as Narsingdi, Pirojpur, Kishoreganj, Chapai Nawabganj, Jhalokati, and Panchagarh have emerged as poverty hotspots. Meanwhile, Shariatpur, Rajbari, Gopalganj, Faridpur, and Sirajganj have witnessed significant improvements and are no longer included among the most poverty affected districts of the country. However, Madaripur, Netrokona, and Kurigram continue to remain impoverished over these years.

This shifting poverty landscape across the districts, as revealed in the Poverty Maps, reflects the combined impacts of a host of contributing factors including, for instance, impacts of targeted policies and programmes, differential effects of climate change, and geographical and locational factors. The progress in poverty reduction can thus be attributed to both government and nongovernment (including microfinance sector) efforts in tackling poverty, food insecurity and other deprivations. On the other hand, worsening poverty situation in Barisal underscores, among others, the growing influence of climate change in coastal regions. Once considered as 'the granary of Bengal', Barishal now faces rising salinity levels, declining crop yields, and increasing climate-related challenges, forcing many residents to abandon traditional livelihoods and fall deeper into poverty.

The unequal distribution of wealth and opportunities has also contributed to these shifts. For example, Noakhali currently has the lowest poverty rate at 6.1 per cent, whereas Madaripur suffers from an alarming poverty rate of 54.4 per cent, nearly triple the national average of 18.7 per cent. Such disparities are likely to be the consequences of spatially uneven development initiatives, unequal

access to socioeconomic opportunities, and many other factors that contribute to inequalities. The above indicates the contribution of multiple factors that drive

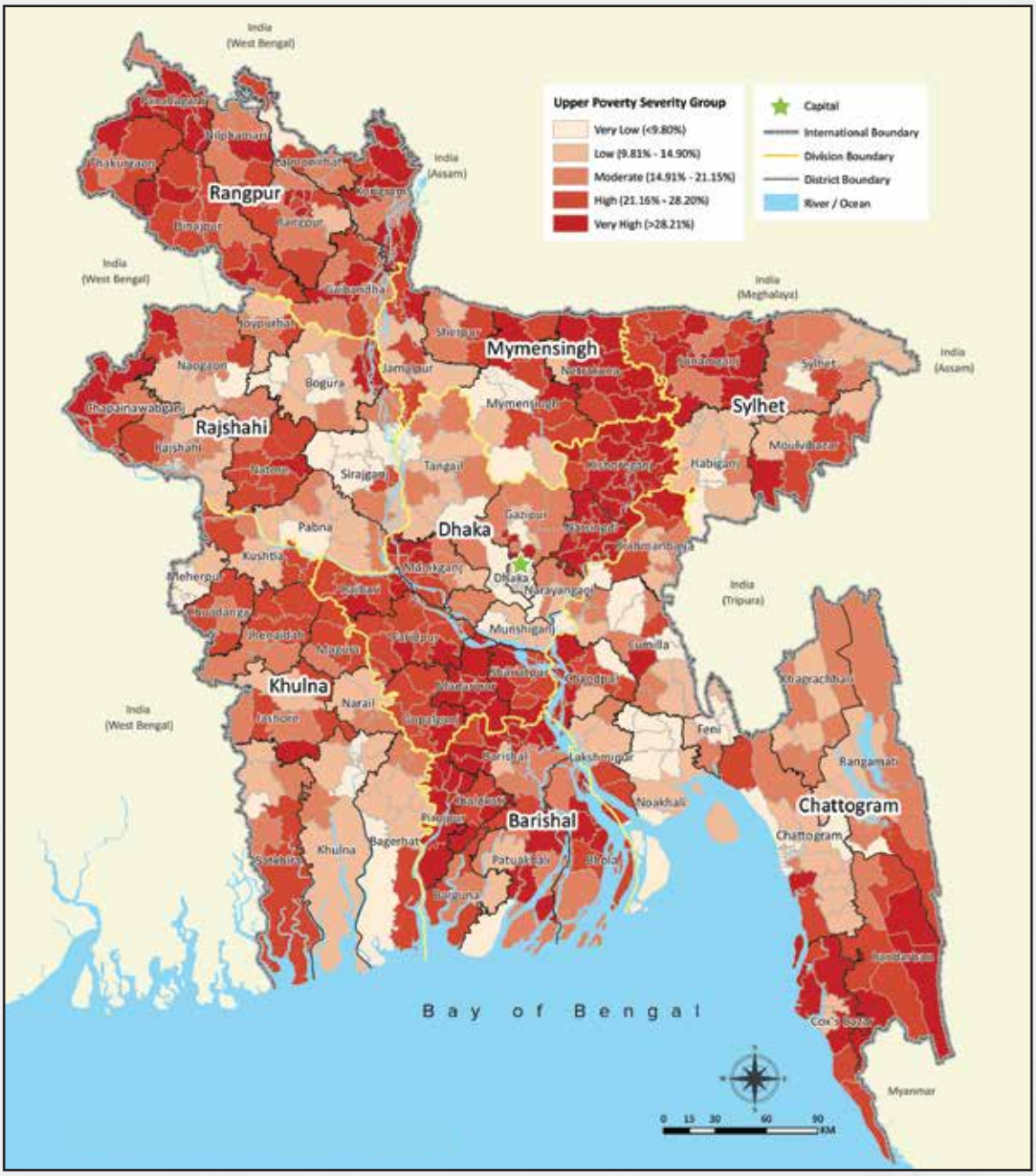
Figure 2.3 : Poverty estimates at the district level (using upper poverty line), 2022



Source: BBS. 2025

the spatial disparities in poverty across Bangladesh. In particular, the rural households heavily depend, in the presence of limited opportunities for pursuing profitable nonfarm activities, on agriculture and related activities for their livelihood and prosperity. As such, the rural households are more susceptible to poverty, particularly in regions that are vulnerable to climate change. Flood-prone and coastal areas, particularly in the eastern, central and coastal regions of the country, experience higher poverty rates due to frequent natural disasters like cyclones and floods, which lead to repeated economic disruptions and displacement. In urban areas, while poverty rates are generally lower, rapid urbanisation has led to the expansion of informal settlements (bastees). Migrants from rural areas often settle in these slums, where they face poverty along with poor living conditions, limited job opportunities, inadequate sanitation, and restricted access to essential services like education and healthcare.

Figure 2.4: Poverty estimates at the upazila level (using upper poverty line), 2022



Upazila-level poverty estimates and climate vulnerability

Such regional disparities in poverty and their spatial shifts call for adoption of inclusive development efforts along with equitable resource distribution, infrastructure development for creating strategic growth linkages, and adoption of diversified economic activities. Additionally, targeted investments in education, healthcare, and nonfarm and manufacturing activities are crucial for closing the inter-regional poverty gaps.

The 2022 Poverty Map further highlights the necessity for adopting region-specific strategies for addressing poverty. In the rural areas, policies need to focus on improving infrastructure and productive nonfarm livelihoods, promoting climate-resilient agricultural techniques, strengthening social protection measures, and enhancing access to quality education and healthcare services. In urban areas, efforts need to concentrate on upgrading slum conditions, broadening social safety nets, and fostering skill development to help the urban poor to integrate into the formal economy.

Furthermore, the need is to emphasise the importance of climate adaptation, particularly in disaster-prone regions. Investments in flood control infrastructure, cyclone shelters, and sustainable farming practices can help mitigate several adverse effects of climate change on vulnerable populations.

Overall, the critical insights into the country's poverty dynamics, as indicated above, suggest significant progress; but these also highlight both persistence and varying spatial nature of poverty in a society that is highly unequal and is becoming more unequal as it moves ahead. Within this structurally uneven and inequitable structure, while some regions have made significant strides in reducing poverty, others continue to struggle with poverty and deprivations due to climate vulnerabilities, economic disparities, and uneven development interventions. Addressing these challenges require comprehensive and region-specific policies that cover climate change and environmental risks, promote economic diversification, and ensure social inclusion. By doing so, Bangladesh can strengthen its poverty reduction efforts and foster sustainable, equitable and inclusive development to create a prosperous society for all.

2.4 Exploration in Global Multidimensional Poverty Index

The global Multidimensional Poverty Index (MPI) was created using the multidimensional measurement method of Alkire and Foster (AF). The global MPI is an index of acute multidimensional poverty that is computed using data from the most recent Demographic and Health Surveys (DHS), Multiple Indicator Cluster Surveys (MICS) and national surveys. The MPI has three dimensions and 10 indicators. Each dimension is equally weighted, and each indicator within a dimension is also equally weighted. It may be noted that the AF method can be used with different indicators, weights and cutoffs to develop national MPIs that reflect the priorities of individual countries. Although national MPIs are more tailored to the context but these cannot be compared across countries. Any person who fails to meet the deprivation cutoff is identified as deprived in that indicator. The definition of each deprivation indicator is given in Appendix Table A1.

A person is classified as multidimensionally poor, or MPI poor, if he/she experiences deprivation in at least one-third of the weighted MPI indicators. This means that an individual is considered MPI poor if their weighted deprivation score is 33.33 per cent or higher. According to the AF methodology, the MPI is determined by multiplying the incidence of poverty (H) by the average intensity of poverty (A).

Here, H represents the proportion of the population that is multidimensionally poor, while A denotes the average share of dimensions in which poor individuals experience deprivation. Consequently, the MPI

formula, MPI = H × A, captures both the prevalence of poverty and the extent of deprivation among the poor. A summary of Bangladesh's global MPI statistics is provided in Table 2.5, differentiating between national, rural, and urban areas. Additionally, the table presents headcount ratios for two other poverty cutoff ranges. Individuals with deprivations in 20–33.33 per cent of the weighted indicators are classified as vulnerable to poverty, whereas those deprived in 50–100 per cent of the indicators are considered to be in severe poverty.

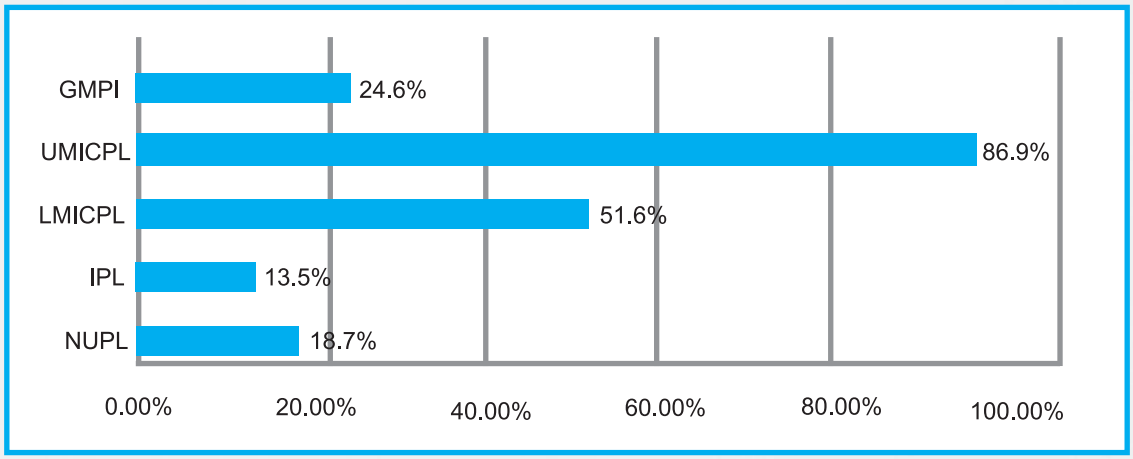
Table 2.5: Global MPI in Bangladesh

Area	MPI	H, %	A, %	Vulnerable, %	Severe poverty, %	Population Share, %
National	0.067	14.9	44.5	24.9	3.9	100
Urban	0.046	10.7	43.1	16.7	2.4	27.3
Rural	0.074	16.5	44.9	28.0	4.4	72.7

Source: OPHI, 2025.

Figure 2.5 illustrates a comparison between the global MPI headcount ratio and monetary poverty measures for Bangladesh. The MPI headcount ratio indicates the proportion of the population identified as MPI poor, based on data from the 2019 MICS for Bangladesh. The figure also displays the percentage of people classified as poor according to the World Bank's international poverty line of US$2.15 per day (2017 PPP), equivalent to Bangladeshi Tk. 60 (2016). Additionally, it includes poverty estimates based on the lower-middle-income country threshold of US$3.65 per day (2017 PPP), equivalent to Tk. 101.90 (2016), and the upper-middle-income country threshold of US$6.85 per day (2017 PPP), equivalent to Tk. 191.30 (2016). Lastly, the percentage of individuals considered poor according to Bangladesh's national upper poverty line is taken from the Household Income and Expenditure Survey (HIES) 2022.

Figure 2.5: Headcount ratios in Bangladesh under different poverty measures



Note: GMPI is global MPI (2019); UMICPL is upper middle income country poverty line US$6.85 (2017 PPP) 2016; LMICPL is lower middle income country poverty line US$3.65 (2017 PPP) 2016, IPL is international poverty line US$2.15 (2017 PPP) 2018, and NUPL is national upper poverty line based on HIES 2022

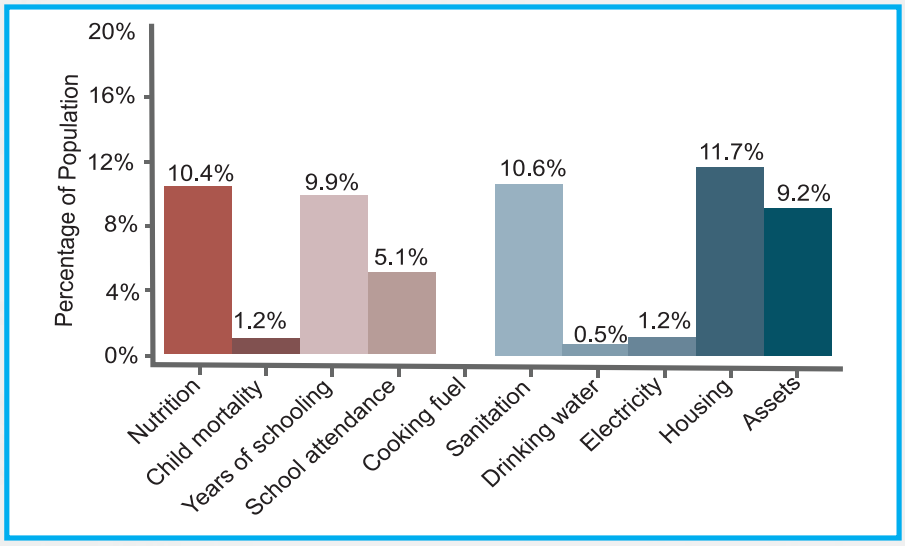
Source: OPHI 2024.

Composition of Multidimensional Poverty

The MPI computation methodology has a key feature known as dimensional breakdown, which enhances the usefulness of global MPI. This feature allows for the calculation of the percentage of the population that is multidimensionally poor while also experiencing deprivation in specific indicators. This measure is referred to as the censored headcount ratio of an indicator.

Dimensional Breakdown: As indicated above, the AF methodology has a property that makes the global MPI even more useful—dimensional breakdown. This property makes it possible to compute the percentage of the population who are multidimensionally poor and simultaneously deprived in each indicator. This is known as the censored headcount ratio of an indicator. Figure 2.6 shows the censored headcount ratio of each indicator at the national level. Poverty information, however, becomes even more valuable when it is disaggregated by urban and rural areas.

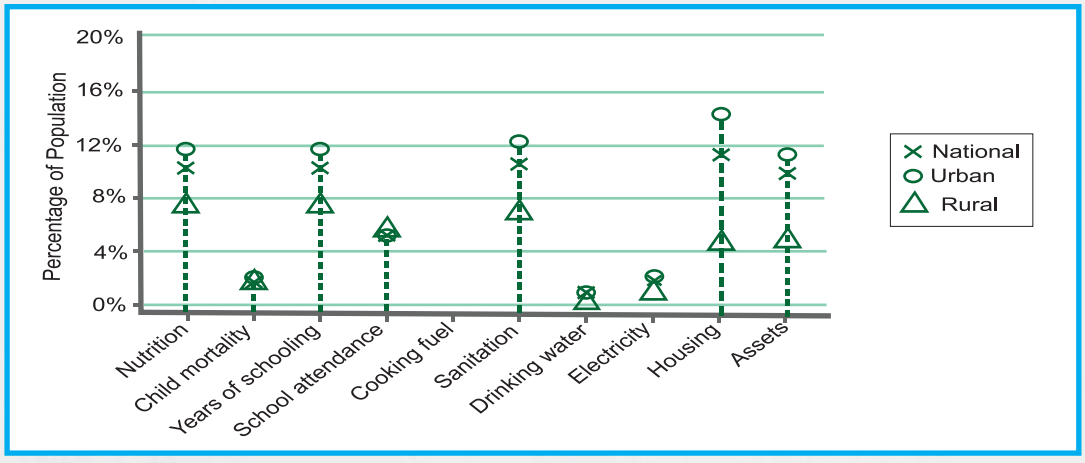
Figure 2.6: Censored Headcount Ratios in Bangladesh



Source: Alkire et al., 2025a.

Figure 2.7 illustrates the breakdown by indicators at national level, and in urban and rural areas. This analysis shows the contribution of different indicators to poverty in different areas, which can reveal structural differences in urban and rural poverty. This in turn could mean different policy responses in different areas, making the MPI useful for monitoring the effects of policy shifts and program changes.

Figure 2.7: Censored Deprivations by Area in Bangladesh

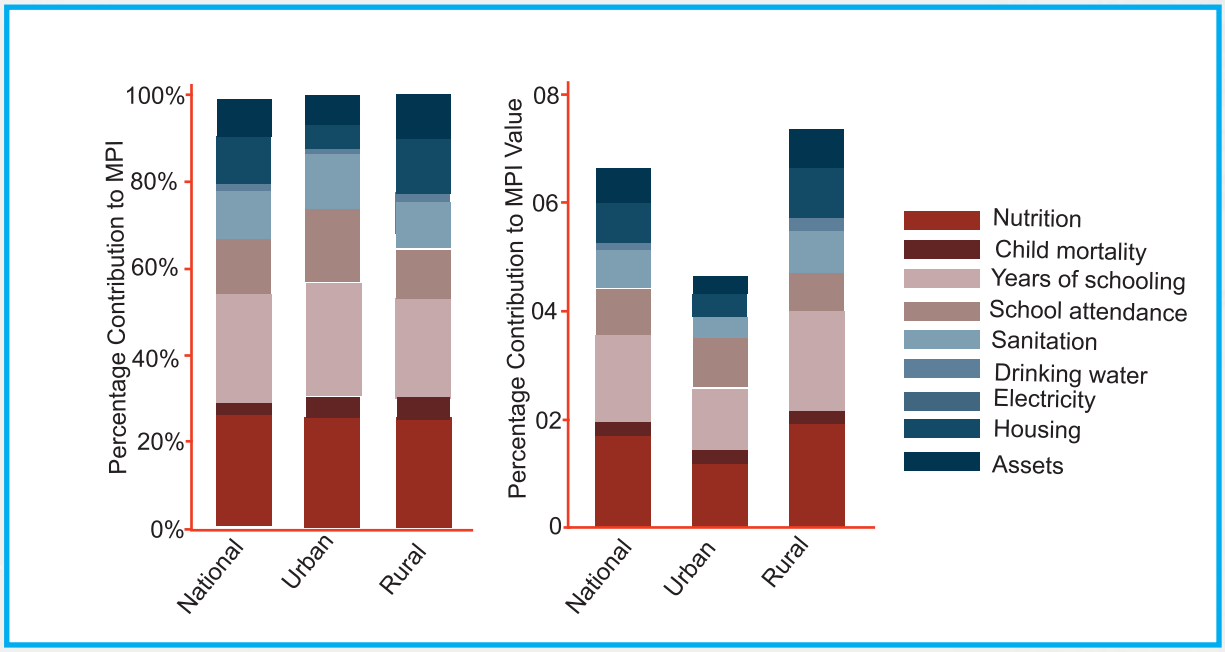


Source: Alkire et al., 2025a

Percentage Contribution: The censored head count ratio shows the extent of deprivations among the poor but does not reflect the relative value of the indicators. Two indicators may have the same censored headcount ratios but different contributions to overall poverty, because the contribution depends both on the censored headcount ratio and on the weight assigned to each indicator. As such, a complementary analysis to the censored headcount ratio is the percentage contribution of each indicator to overall multidimensional poverty.

Figure 2.8 shows two bar graphs that compare the percentage contribution of each indicator to national, rural and urban poverty. In the bar graph on the left-hand side, colours denote the percentage contribution of each indicator to the overall MPI, and all bars add up to 100 per cent. In the bar graph on the right, the height of each bar shows the absolute contribution of each indicator to MPI, and the height of each bar is the MPI value. This enables an immediate visual comparison of the composition to poverty across areas.

Figure 2.8: Indicator Contribution to Overall Poverty by Area in Bangladesh



Source: Alkire et al., 2025a,b.

Subnational analysis

Beyond measuring multidimensional poverty at the national and urban-rural levels, the MPI can also be calculated at the regional level to highlight disparities across different regions. Table 2.6 provides a summary of the global MPI statistics for various administrative divisions in Bangladesh. The table's last column displays the population share of each division, and the population-weighted divisional values for MPI, H, and A collectively sum up to the national figures.

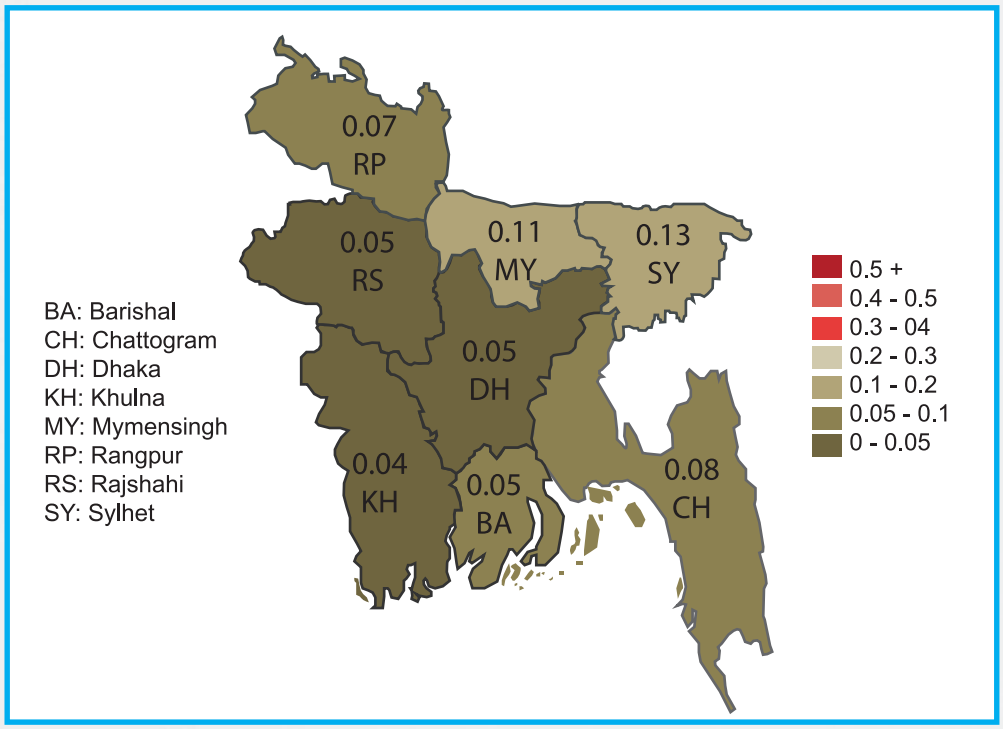
Table 2.6: Global MPI in Bangladesh by administrative divisions

Administrative division	MPI	H, %	A, %	Vulnerable, %	Severe poverty, %	Population Share, %
Barishal	0.053	12.4	42.9	33.1	2.5	6.1
Chattogram	0.082	17.6	46.4	25.1	6.1	18.8
Dhaka	0.048	11.2	42.6	19.5	1.8	24.0
Khulna	0.040	9.4	43.0	23.3	2.0	11.2
Mymensingh	0.106	23.0	46.1	30.8	6.9	8.3
Rajshahi	0.045	10.8	42.1	23.1	1.6	12.8
Rangpur	0.071	16.1	44.1	31.0	3.7	11.8
Sylhet	0.128	27.8	46.0	24.8	10.0	7.0

Source: Alkire et al., 2025b.

Thus, in addition to providing data on multidimensional poverty at the national and urban-rural level, the MPI can also be computed at subnational regions (e,g, administrative divisions) to show spatial disparities in poverty. Figure 2.9 shows how the MPI varies across different divisions of the country. Dark red indicates a higher MPI and therefore greater poverty, while dark green indicates a lower MPI and therefore lower poverty.

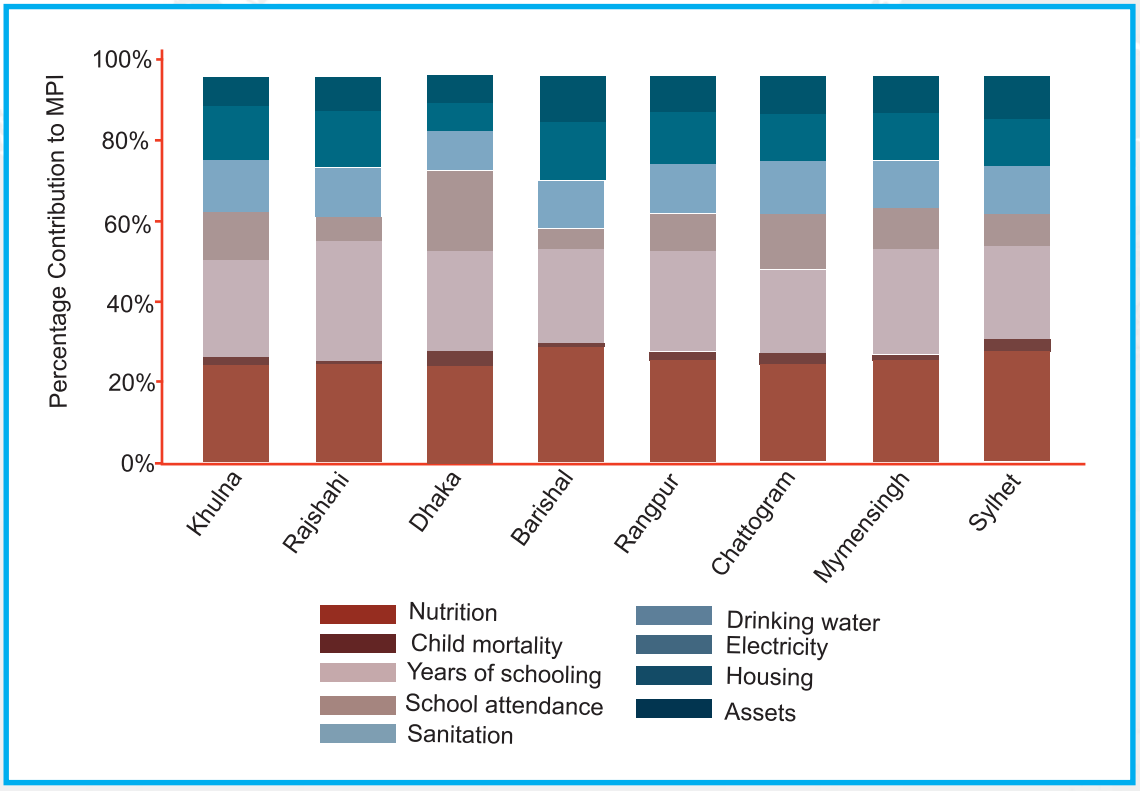
Figure 2.9: Mapping MPI Value by Administrative Division of Bangladesh



Source: Alkire, Mishra, Selden and Suppa (2025b) based on DHS year 2022. Underlying shp-file from The demographic and Health Syrveys Program (2019)

Figure 2.10 shows the contribution of each indicator to overall MPI at the divisional level. The divisions are sorted by increasing values of the global MPI with the poorest division on the right.

Figure 2.10: Indicator Contribution to Global MPI of Administrative Divisions in Bangladesh



Source: Alkire, Mishra, Selden and Suppa (2025b) based on DHS year 2022

Trends in Multidimensional Poverty in Bangladesh

The trends in multidimensional poverty in Bangladesh between 2014 and 2022 can be assessed using a harmonised version of the global Multidimensional Poverty Index (MPI). Harmonisation produces comparable MPI(T) estimations within a country, over time. Goal 1 of the Sustainable Development Goals (SDGs) proposes an end to poverty in all its forms everywhere, and Target 1.2 sets an aim for countries to reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions by 2030. Tracking this target requires over-time comparisons, like those that have been presented here.

Table 2.7: Global MPI in Bangladesh: Harmonised over Time

Year	Survey	MPI Level	MPI Abs. Chg. (annualised)	H Level	H Abs. Chg. (annualised)	A Level	A Abs. Chg. (annualised)
2014	DHS	0.145	—	30.52%	—	47.58%	—
2019	MICS	0.073	-0.014***	16.45%	-2.81%***	44.38%	-0.64%***
2022	DHS	0.050	-0.008***	11.51%	-1.64%***	43.61%	-0.26%*

Note: Change is calculated with respect to the previous period; indicated levels of significance are *** for 1%, ** for 5%, and * for 10%.

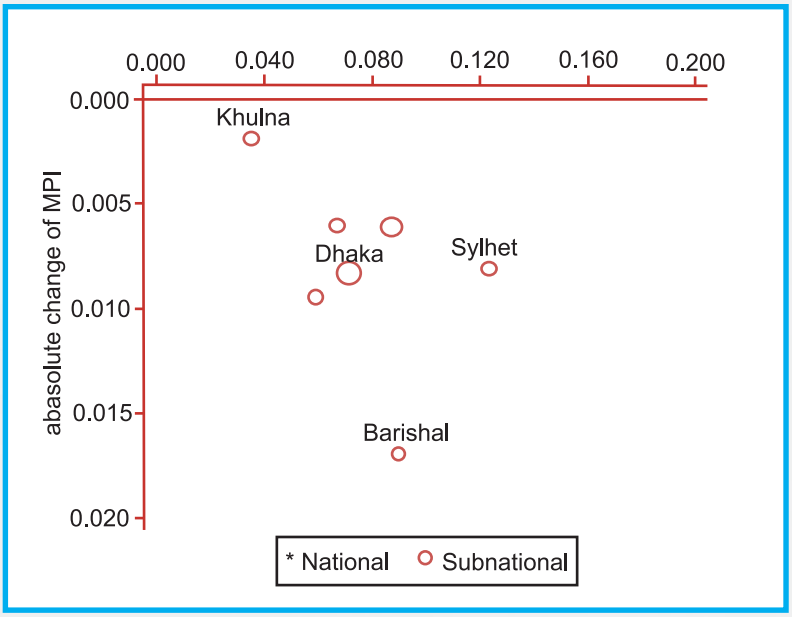
Source:Alkire, Mishra, Selden and Suppa (2025c)

National Trends: Table 2.7 shows the levels and changes in MPI(T) values, incidence and intensity of poverty between 2014 and 2022 in Bangladesh. This gives an indication of the speed of poverty reduction in the country. The absolute reduction in poverty is calculated by subtracting one measure of poverty from another and the annualised absolute change is this change divided by the number of years

between surveys.

Disaggregating the MPI: The national level results can often mask inequalities in poverty across geographical areas of a country. Recognising the importance of such inequalities not only between but also within countries, the 2030 Sustainable Development Agenda pledged to ensure that 'no one will be left behind' in the process of poverty reduction. Therefore in addition to changes at the national level, trends in the harmonised global MPI(T) can reveal the inequalities in poverty reduction by presenting disaggregated results at the subnational level. This enables an assessment of whether poverty reduction in a country is pro-poor– that is, whether the poorest regions have the fastest absolute reduction. Contrastingly, if poverty reduces faster among the less poor regions, those with the highest level of poverty fall further behind, hindering efforts to narrow the gap in poverty levels across the population. Figure 2.11 presents the difference in the absolute reduction of MPI(T) among the subnational regions (divisions) in Bangladesh. The horizontal axis presents the level of MPI(T) in 2019 for each region, while the vertical axis shows the rate of absolute reduction for the given division over time. The size of the bubbles refers to the share of poor people in 2019. When a country presents a pro-poor pattern at the subnational level, with the poorest regions reducing multidimensional poverty the fastest– thus not being left behind. This pattern is displayed if there is a diagonal trend, with the poorest region towards the bottom right of the graph and the least poor region towards the top left.

Figure 2.11: Changes in MPI Across Administrative Divisions in Bangladesh



Absolute change are expressed in units of MPI and annualised. Source: Alkire, Misahra, Selden and Suppa (2025c); underyling data: for 2019 MICS, for 2022 DHS

2.5 National MPI for Bangladesh

In 2025, Bangladesh has launched its first National MPI that complements the national monetary poverty measure. Using the Multiple Indicator Cluster Survey (MICS) 2019, the National MPI provides a detailed picture of multidimensional poverty at the national, divisional, and district levels. The National MPI is reported with an associated information platform of intuitive and policy-relevant statistics, both nationally and disaggregated to subnational levels and by socioeconomic subgroups.

The National MPI comprises 11 indicators grouped under three dimensions: Living Standards, Education, and Health. It illuminates child poverty and can also be disaggregated to help shape

equitable, multisectoral policies and programmes at all levels of the government. The relevant information on dimensions and indicators of the National MPI is summarised in Table 2.8.

Table 2.8: Dimensions and Indicators of Bangladesh National MPI

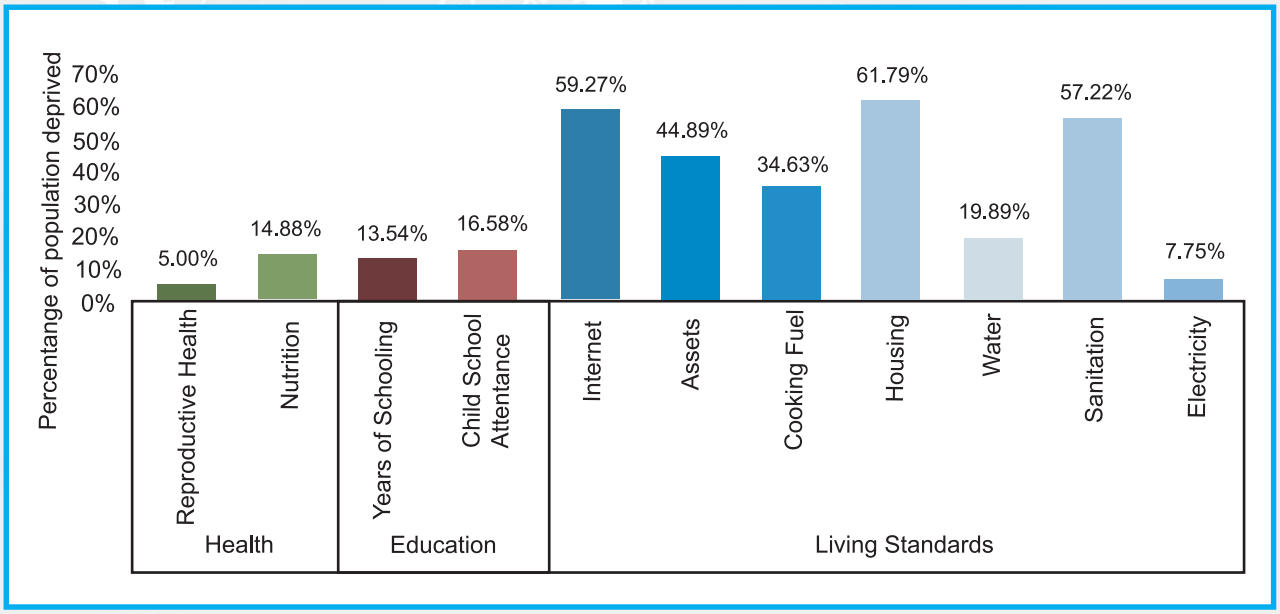
Dimensions	Indicators	Deprivation Cut-off A household is...	National Weight
Living standards	Electricity	Deprived if it has no electricity.	1/21
	Sanitation	Deprived if it has unimproved sanitation services (shared toilet without piped sewer system, a septic tank or improved latrine), including the lack of handwashing facilities, soap, and water.	1/21
	Drinking water	Deprived if it does not have sufficient access to improved drinking water within the dwelling (or at least in the yard/plot). Improved sources refer to piped or public tap, tube well, or protected sources (well or spring).	1/21
	Housing	Deprived if it has any of these: a non-improved floor, roof, or walls.	1/21
	Cooking fuel	Deprived if it does not have clean fuel and technology for cooking.	1/21
	Assets	Deprived if it does not own more than two of the following assets: TV, mobile phone, cart, bicycle, motorcycle, major cattle (cow and goat), refrigerator, washing machine, and computer.	1/21
	Internet access	Deprived if it does not have access to the internet.	1/21
Education	School attendance	Deprived if there is at least one member of the household aged 6 to 17 years who is not attending school.	1/6
	Years of schooling	Deprived if no household member aged 16 years or above has completed five years of schooling.	1/6
Health	Nutrition	Deprived if any child (aged 0 to 4 years) of the household is stunted or underweight.	1/6
	Reproductive health	Deprived if demands for family planning by any currently married women (aged 15 to 49 years) are not met by modern contraceptive methods.	1/6

Source: GED (2025). National Multidimensional Poverty Index for Bangladesh, General Economics Division (GED), Bangladesh Planning Commission, Government of the People's Republic of Bangladesh.

The uncensored headcount ratio of an indicator represents the proportion of people who are deprived in a particular indicator, irrespective of their poverty status. Figure 2.12 presents these rates for 2019.

The highest deprivations are found for housing condition (with 61.79 per cent of the population deprived in either floor, walls, or roof), internet access (59.27 per cent), sanitation (57.22 per cent) and assets (44.89 per cent). Some indicators show significantly lower rates of deprivation. The uncensored headcount ratios are the lowest for reproductive health (5 per cent) and electricity (7.75 per cent).

Figure 2.12: National Uncensored Headcount Ratios (percentage of population) in Bangladesh



Source: Calculation based on MICS 2019.

Table 2.9 shows the National MPI for 2019, as well as the incidence of poverty (H) and the intensity of poverty (A). The incidence of multidimensional poverty is 24.05 per cent, indicating that nearly one-fourth of the people in Bangladesh are multidimensionally poor. The average intensity of poverty is 44.17 per cent, implying that each poor person is, on average, deprived in nearly half of the weighted indicators. This is the equivalent of one full dimension (33.33 per cent) plus any one deprivation in the health or education dimensions, or three deprivations from the dimension of living standards. The National MPI, which is the product of H and A, is 0.106. This means that multidimensionally poor people in Bangladesh experience 10.6 per cent of the total deprivations that would be experienced if all people were multidimensionally poor and deprived in all indicators.

Table 2.9: Incidence, Intensity, and National MPI for Bangladesh

Poverty cut-off (k)	Index	National Value	Confidence Interval (95%)
33.33%	MPI	0.106	0.103 – 0.109
33.33%	Headcount ratio (H, %)	24.05%	23.43% – 24.67%
33.33%	Intensity (A, %)	44.17%	43.93% – 44.41%

Source: Calculation based on MICS 2019

The divide between rural and urban areas of the MPI, incidence, and intensity of poverty is shown in Table 2.10. The rural poverty headcount ratio is much higher than for urban areas – 26.96 per cent versus 13.48 per cent, respectively. It is worth noticing that in 2019, around 71 per cent of Bangladesh's population of roughly 117 million lived in the rural areas.

Table 2.10: Bangladesh National MPI by Rural and Urban Areas

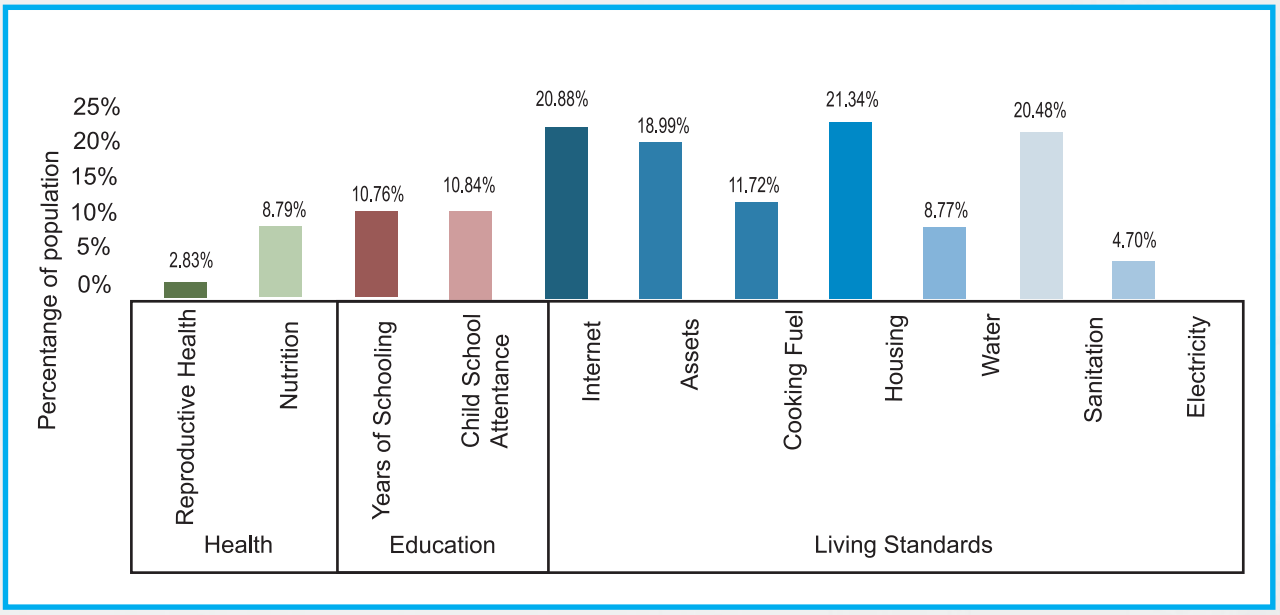
Index	Urban Population Share (%)	Urban Value	Urban 95% CI	Rural Population Share (%)	Rural Value	Rural 95% CI
MPI	—	0.059	0.054 – 0.064	—	0.119	0.116 – 0.123
Headcount ratio (H, %)	28.98%	13.48%	12.32% – 14.65%	71.02%	27.0%	26.24% – 27.69%
Intensity (A, %)	—	42.98%	42.98% – 44.24%	—	44.25%	43.99% – 44.50%

Source: Calculation based on MICS 2019

Composition of National MPI by Indicator

Useful policy implications can be drawn through breaking the MPI down by indicator to examine its composition and to adopt appropriate policy measures. The censored headcount ratio of an indicator represents the proportion of the population that is multidimensionally poor and also deprived in that indicator. The National MPI can also be computed as the sum of the weighted censored headcount ratios. This is what makes it as a powerful tool for policy: reducing any deprivation of a poor person reduces poverty. Figure 2.13 shows that three censored headcount ratios are above 20 per cent: sanitation, housing condition and internet access. Censored headcount ratios for other indicators are somewhat lower, as low as 2.83 per cent for reproductive health and 4.70 per cent for electricity.

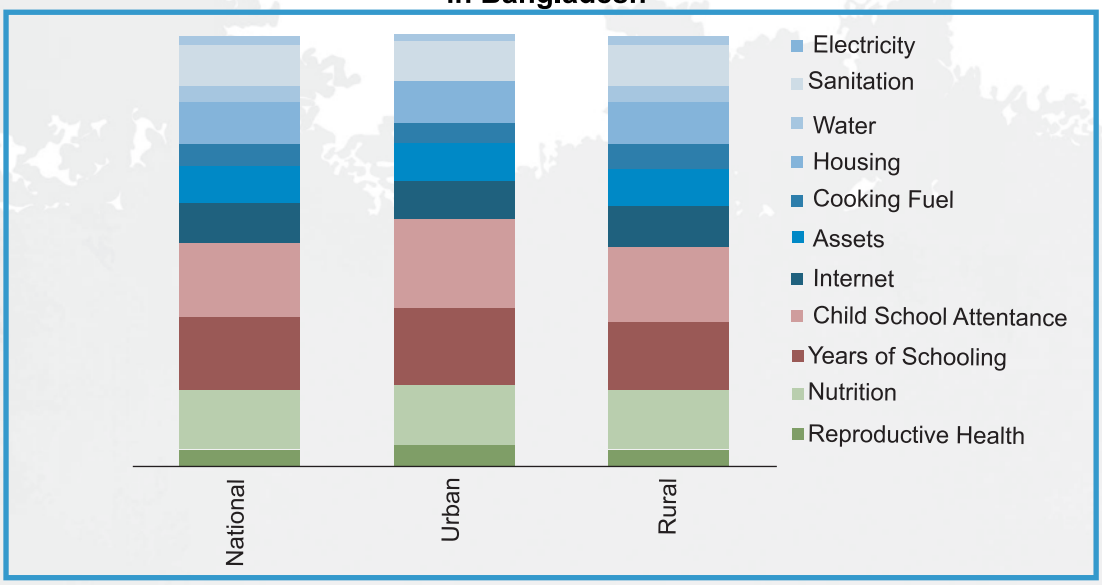
Figure 2.13: National MPI Censored Headcount Ratios by Indicator for Bangladesh



Source: Calculation based on MICS 2019.

In Figure 2.14, the weighted percentage contribution of each indicator shows the composition of multidimensional poverty in rural and urban areas. Percentage contributions reflect both the weights and the censored headcount ratios. Hence the contribution of each deprivation reflects both its relative weight and its prevalence. Indicators in the dimension of education account for the largest contribution to multidimensional poverty at the national level and also in rural and urban areas. Indeed, deprivations in school attendance alone contribute the most to overall poverty (national, rural, and urban) while year of schooling is the second. This reveals a need to sharply prioritise education because in many households at least one child aged 6 to 17 is not attending school. Further, many households are MPI poor and do not have any member who has completed five years of education (primary education).The third highest contributor to overall poverty is nutritional deprivation because many households contain at least one child under the age of 5 who is undernourished. In terms of dimensions, the seven indicators comprising living standards together contribute the most to multidimensional poverty at the national level and in rural areas, and education accounts for the largest contribution in urban areas.

Figure 2.14: Percentage Contribution of Individual Indicator to National, Rural, and Urban MPI in Bangladesh

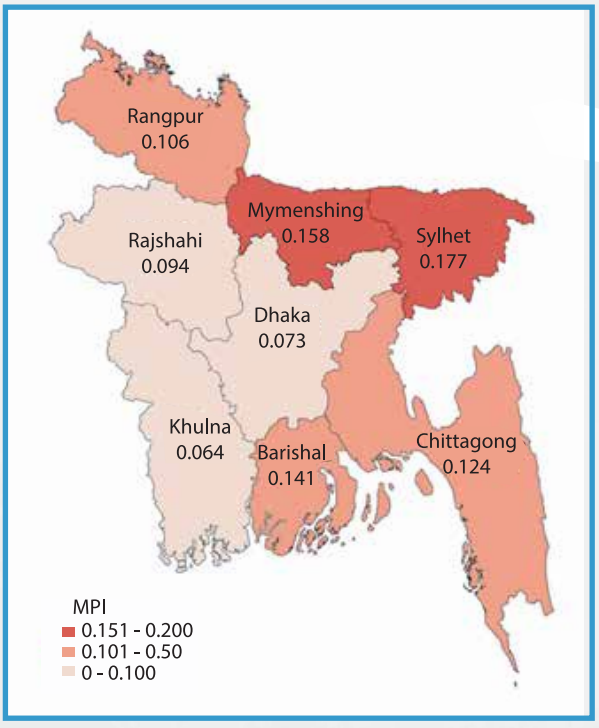


Source: Calculation based on MICS 2019

Multidimensional Poverty by Administrative Division

The results of the National MPI across the eight divisions in Bangladesh can be seen in Figure 2.15. As it highlights, multidimensional poverty varies substantially across the divisions, from 15.22 per cent to 37.70 per cent of the people being multidimensionally poor in each division. The division with the lowest MPI (0.064), Khulna, is in the southwestern part of the country, whereas the division with the highest MPI (0.177) is Sylhet in the northeast. The division of Dhaka appears in the middle of these two divisions, both in terms of location as well as MPI value (0.073).

Figure 2.15: National MPI by Administrative Divisions in Bangladesh



Source: Calculation based on MICS 2019

Table 2.11 shows the divisional estimates for the National MPI, incidence (H), and intensity (A) of poverty. Sylhet (0.177), Mymensingh (0.158), and Barishal (0.141) have the highest MPIs. Mymensingh and Barishal have the highest incidence of poverty (H) after Sylhet (37.70 per cent), with 34.95 per cent and 31.57 per cent respectively. On the other hand, Dhaka which is the most populous division has one of the lowest MPIs (0.073), but Khulna has the lowest MPI value amongst all divisions. In Khulna, 15.22 per cent are multidimensionally poor, whereas in Dhaka, 16.95 per cent are MPI poor. In the three middle divisions – Rajshahi, Rangpur, and Chittagong, 22.26 per cent to 27.24 per cent of the people are multidimensionally poor. In absolute terms, the divisions of Chittagong and Dhaka account for the highest number of poor people, nearly 9 million and 7.53 million, respectively. In contrast, both Barishal and Khulna account for around 2.86 million and 2.64 million poor people, respectively

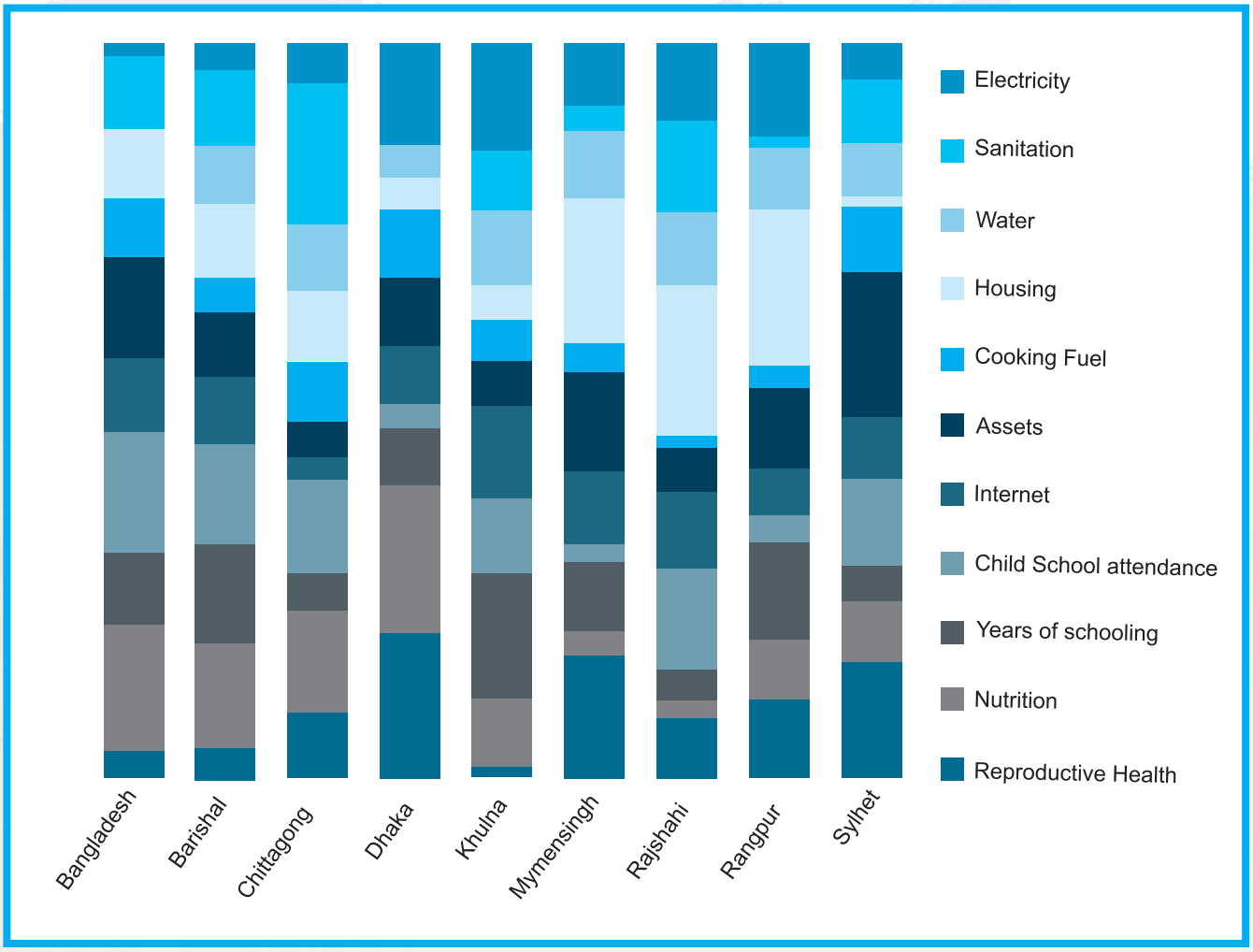
Table 2.11: Multidimensional Poverty Index (MPI) by Division in Bangladesh

Sub-National Region	Population Share (%)	MPI Value	MPI CI (95%)	Headcount Ratio (H, %)	H CI (95%)	Intensity (A, %)	A CI (95%)	Number of Poor (thousands)
National	100.00	0.106	0.103 – 0.109	24.1%	23.4% – 24.7%	44.2%	43.9% – 44.4%	39,776.75
Barishal	5.49	0.141	0.131 – 0.152	31.57%	29.4% – 33.8%	44.70%	44.0% – 45.4%	2,866.87
Chittagong	20.13	0.124	0.115 – 0.133	27.24%	25.4% – 29.1%	45.37%	44.7% – 46.0%	9,065.74
Dhaka	26.88	0.073	0.069 – 0.078	16.95%	16.0% – 18.0%	43.26%	42.8% – 43.8%	7,533.60
Khulna	10.49	0.064	0.060 – 0.069	15.22%	14.3% – 16.2%	42.06%	41.5% – 42.6%	2,640.06
Mymensingh	7.44	0.158	0.146 – 0.172	34.95%	32.3% – 37.7%	45.28%	44.6% – 46.0%	4,300.95
Rajshahi	12.24	0.094	0.088 – 0.102	22.26%	20.8% – 23.8%	42.43%	41.9% – 43.0%	4,507.20
Rangpur	10.61	0.106	0.100 – 0.113	25.04%	23.6% – 26.6%	42.32%	41.9% – 42.8%	4,393.77
Sylhet	6.72	0.177	0.162 – 0.193	37.70%	34.7% – 40.8%	46.86%	46.1% – 47.6%	4,190.36

Source: Calculation based on MICS 2019 with population shares from BBS.

Figure 2.16 shows the weighted contribution of each indicator to the MPI of each division. The composition of multidimensional poverty across divisions varies; for instance, in Dhaka, the highest contributor is nutrition, while in Sylhet, assets contribute the most to the MPI. Likewise, in Mymensingh, the housing indicator is the highest contributor, followed by reproductive health. The relative importance of each dimension follows a similar pattern across divisions. The dimension of living standards tends to contribute the most in all divisions. The dimension of health has the lowest contribution to the MPI in Barishal, Khulna and Rajshahi. In Barishal and Khulna, this is mainly due to low levels of deprivation in reproductive health. In Dhaka, Mymensingh, Chittagong, Rangpur and Sylhet, the dimension of education has the lowest contribution to the MPI.

Figure 2.16: Percentage Contributions of Each Indicator to National MPI by Division

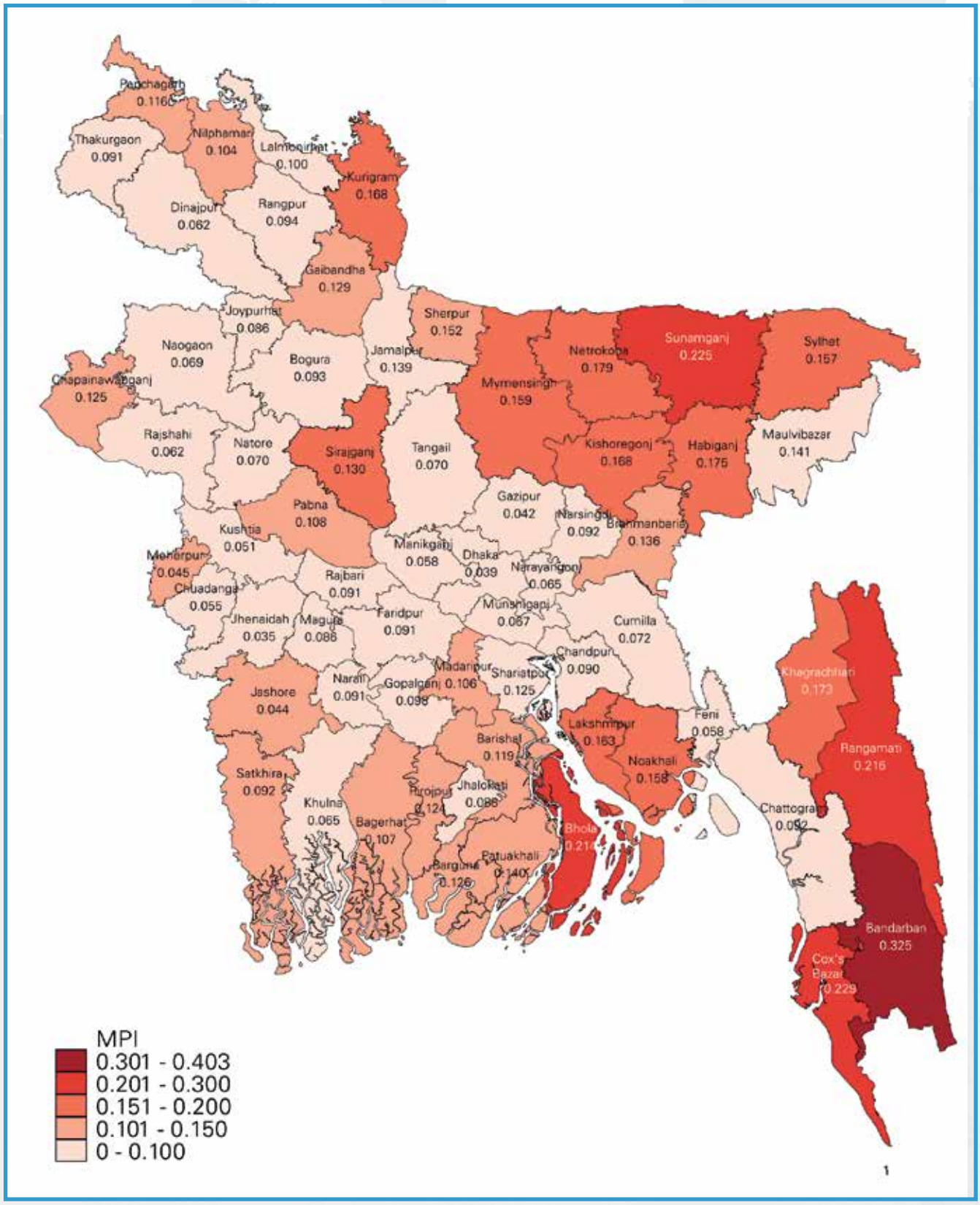


Source: Calculation based on MICS 2019 with population shares from BBS Ranked by MPI

Multidimensional Poverty by Administrative Dstricts

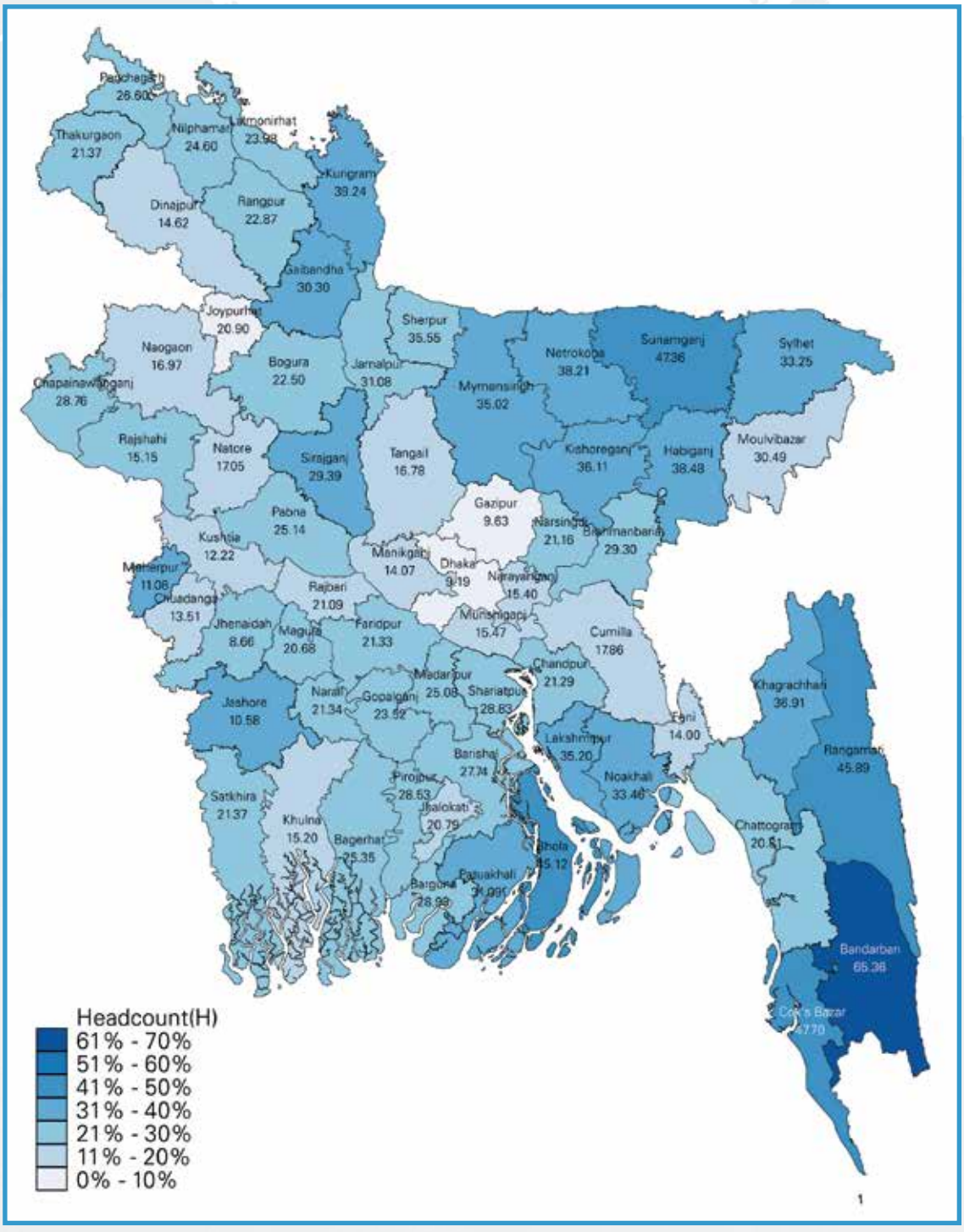
The MPI has also been disaggregated to the 64 districts in Bangladesh. In the case of districts, the range of poverty is greater. The lowest levels of multidimensional poverty are in Jhenaidah and Dhaka, where 8.66 per cent and 9.19 per cent of the people are multidimensionally poor, followed by Gazipur (9.63 per cent), Jashore (10.58 per cent), Meherpur (11.08 per cent), Kushtia (12.22 per cent), and Chuadanga (13.51 per cent). The highest poverty is found in Bandarban, where 65.36 per cent are multidimensionally poor. This is followed by Cox's Bazar, where 47.70 per cent experience multidimensional poverty, closely followed by Sunamganj at 47.36 per cent. In Rangamati district, 45.89 per cent of the population faces multidimensional poverty. The MPI for Bandarban stands at 0.325, followed by Cox's Bazar at 0.229, Sunamganj at 0.225, and Rangamati at 0.216. Figure 2.17 and Figure 2.18 show the variation across districts in terms of MPI and H, respectively.

Figure 2.17 National MPI by Districts in Bangladesh



Source: Calculation based on MICS 2019

Figure 2.18 Incidence of Multidimensional Poverty by Districts in Bangladesh



Source: GED (2025). National Multidimensional Poverty Index for Bangladesh, General Economics Division (GED), Bangladesh Planning Commission, Government of the People's Republic of Bangladesh.

Some interesting findings can be derived when disaggregated incidence of multidimensional poverty by districts is compared with district-level disaggregated monetary poverty (HIES, 2016). The results show important disparities. It is seen that Bandarban, Kishoreganj, Khagrachhari and Kurigram are the only districts which rate among the poorest 10 districts by both monetary and multidimensional measures – singling these out as priority districts for poverty action. On the other hand, the differences suggest that to optimise impact, a different set of policies needs to be implemented for each district.

Further, based on the regional pattern of monetary poverty, the 'East-West divide' has been widely used to explain the regional disparity between the eastern region (since Dhaka, Chittagong, Sylhet and Mymensingh divisions are integrated with and easily connected to the country's major growth poles which are centres of economic activity consisting mainly of big metropolitan cities) and the Western region (that covers the divisions of (Khulna, Rajshahi, Rangpur and Barishal). However, such a divide does not hold true for the MPI. From a policy perspective, no doubt in some cases integrated provision of public services to tackle multiple deprivations may prove most effective in reducing the deprivations that make up the MPI. In such cases, the information on interlinked deprivations from the MPI can provide a detailed guide to development allocations across sectors and formulate policy design across districts. One must also acknowledge that some policy priorities are cross-cutting. In particular, education policies are priorities across most districts, given the relatively high contribution of education related indicators (both years of schooling and school attendance) to multidimensional poverty on average. Similarly, there is a cross-cutting need for refining policies to improve sanitation facilities, such as enhancing access to piped sewerage systems and septic tanks, and providing public latrines with access to usable water.

On the other hand, the priority of several other deprivations varies across districts. In many districts, improvements in housing indicators (materials for roofs, floors, and walls) are likely to reduce multidimensional poverty. Nevertheless, the deprivations vary by district, such as the housing problem is more acute in Bandarban than in Cox's Bazar.

Overall, the National MPI reveals strong capacity to provide information on the number of poor persons in different areas of the country and the specific deprivations that they experience considering specific locational contexts and realities. One unique advantage of National MPI is that it can tell exactly how many people are MPI poor and how much deprived are they in each indicator in a division or district. As such the MPI goes beyond the headline poverty and shows the composition of poverty, thus providing vital information to design integrated multisectoral interventions. In effect, the spatial pattern of monetary poverty differs from that of multidimensional poverty in Bangladesh. For instance, the highest level of monetary poverty is reported in Kurigram, whereas the highest level of multidimensional poverty exists in Bandarban. In particular, the three hill districts of Bandarban, Khagrachhari, and Rangamati are in the top 10 districts with the highest incidence of multidimensional poverty in the country.

2.6 Inequalities in Bangladesh

The concern with inequalities has emerged strongly as an issue in Bangladesh's development--and such inequalities are not merely about disparities of outcomes, it is also about disparities in opportunities in terms of age, sex, disability, race, ethnicity, origin, religion and economic or other status. Furthermore, in a country like Bangladesh where disparities in opportunities are so evident in every sphere of life so that focus only on economic inequalities provides a partial picture of the status and policy agendas of inequality.

Income inequality in Bangladesh has always been a major policy issue. The Gini coefficient of income distribution (a measure of inequality) in Bangladesh has a value of 0.499 in 2022; and the country has experienced sharp increases in income inequality especially since the early 1990s as the income Gini was 0.271 in 1991[1]. The gravity of the problem of growing income inequality becomes more complex if differentials in wealth accumulation are also taken into account.

The persistence of growing income inequalities also has serious implications on wealth accumulation. In Bangladesh, the number of poor at $4.20 a day (2022 PPP) is about 35 million who can hardly save for wealth accumulation compared with the richer groups who hold significant shares of national wealth and continue to accumulate more over time. Thus future levels of inequality are likely to be much worse if existing wealth ownership and prospects of future wealth accumulation are taken into account.

The 2026 Global Social Progress Index, which measures 57 social and environmental indicators, highlights that although Bangladesh is advancing in providing basic needs to its citizens, it still faces formidable challenges. As a matter of fact, the 2026 Index reveals that the world is at a turning point, where the steady improvement in quality of life of recent decades is probably going into reverse. Bangladesh is also not an exception.

Nevertheless, Bangladesh, with a relatively low level of social progress, can improve more rapidly since it both has more opportunities for improvement and can draw on lessons from success cases in other countries[2].

There is also a significant correlation between income inequality and (low) quality of institutions. In theory, weak institutions are conducive to income inequality. For example, where the poor are not given the protection of an independent judicial system, their ability to extract rents is inferior to that of the rich. It is also suggested that high income inequality allows the rich to wield stronger political influence, thereby subverting institutions. Indeed, global evidence shows that income inequality and poor institutional quality reinforce each other (e.g. Gradstein, 2004). Thus, institutional reforms could be good instruments to reduce inequality; but political factors are likely to prevent such reforms in a country like Bangladesh.

For Bangladesh, three critical challenges can be identified for addressing inequalities:

- **The measurement challenge:** Only a few of the multidimensional indicators can currently be measured in a rigorous and regular manner in Bangladesh. The government and the civil society must therefore take the measurement issue further with flexibility in data sources to provide comprehensive and credible estimates on various dimensions of inequality.
- **The aggregation challenge:** The inequalities are observed and measured across various dimensions. We need to devise a conceptual model that would allow aggregation to explore complementarities and synergies across different dimensions for carrying out the required inequality reduction policy agenda forward.
- **The localisation challenge:** Much of the efforts on implementation of the inequality reduction agenda will have to take place at the local level, and this will require local data to track performance. The local level institutions, including NGO-MFIs and civil society think tanks, will have to be used extensively by district, city, and upazila/union level local government institutions to provide practical tools for localisation of inequality reduction agenda.

Moreover, one may note that national poverty in Bangladesh is measured by consumption—instead of income--as the indicator of current living standard; since consumption is considered as a better measure of 'permanent income' than income itself. This, however, does not recognise the fact that the poor are often forced to sustain consumption by liquidating assets or by borrowing.

The household income and expenditure survey (HIES) data show that income inequality is much higher than consumption inequality; and the ratio of income inequality to consumption inequality is rising over time. This means that, given similar poverty thresholds for income and consumption, income poverty reduction would be slower than the reduction in consumption poverty. It is well-known that social indicators vary significantly across different income groups in Bangladesh showing glaring social inequalities that exist between the poor and the rich in Bangladesh.

[1] Gini coefficient is an inequality index that has value starting from 0 to 1. The higher the value, the greater the inequality. Thus, a value of 1 means highest unequal situation in a society and a value of 0 means there is perfect equality.

[2]For instance, the policymakers can plan to act on new insights about priority areas for investment and development based on a multi-year assessment of progress in different regions/districts. Such a disaggregated Social Progress Index will also equip the corporate sector with a comprehensive outline of the thematic areas where their legally-mandated CSR funds can be directed. By sparking cross-learning and competitive opportunities across the regions/districts, the Index has the potential to improve the quality of life for most people of the country.

Along with income, one can observe growing geographical, gender-based and group-based inequalities in various dimensions in the country. In reality, income distribution in Bangladesh is becoming more asymmetrical indicating a growing income gap between the rich and the poor. Another shift is the changing geographical poverty in Bangladesh. Educational facilities are observed asymmetric between cities and rural areas which do not take into account the need of the remote areas. The differential quality of education is a major challenge at all tiers of the education system.

Inequality in Bangladesh is not a new phenomenon; and yet it can be fatal. If left unchecked, it can undermine the very foundation of development and the country's social fabric. Over the last several decades, Bangladesh's GDP per capita has more than tripled in real terms; average life expectancy has risen to more than 73 years.

However, this is only part of the picture. Although Bangladesh is richer than ever before, around 31 million people still live in poverty. The richest 5 per cent of the households gets nearly 30 per cent of the total income while the bottom 5 per cent gets only 0.22 per cent. Despite overall declines in maternal mortality, women in rural areas are still up to three times more likely to die while giving birth than women living in urban centres. Social protection has been extended, yet persons with disabilities are up to five times more likely than average to incur catastrophic health expenditures. Women are participating more in the work force, but continue to be disproportionately represented in vulnerable employment. In short, humanity remains deeply divided in Bangladesh.

Nor are recent trends encouraging. Over the last two decades, income inequality has been rising in Bangladesh. As a result, the country's population lives in a society that is more unequal today than during any time in the past after independence. The income gap has deepened — and, with it, the difference in quality of life between the rich and the poor — despite the immense progress made through impressive growth performance. Economic progress in the country has not alleviated disparities, rather exacerbated them. Overall, the Bangladesh society is more unequal today than at any point in time after independence!

Broadly, inequality in a society has many dimensions such as economic (income and wealth) inequality; gender inequality; educational inequality; racial and ethnic inequality; health and nutrition inequality; demographic inequality; political inequality; and so on. There exist complex interactions among different forms of inequality; and the multidimensional drivers of inequality call for a holistic approach to mitigate and overcome the challenges.

Challenges and Way Forward

Designing the right policy framework for addressing inequalities is the biggest challenging area to work in Bangladesh, like in other developing countries. Inequalities of outcomes and opportunities are highly inter-dependent. Without equal opportunities, systemic patterns of discrimination and exclusion prevent the poor and disadvantaged communities from accessing economic, political and social resources, resulting in inequality traps — and the persistence of inequality across generations. Equal opportunities can level the playing field so that the circumstances of birth (such as race, gender, rural or urban location) do not adversely influence an individual's chances to get ahead in life.

Since inequality of outcomes and that of opportunities are interlinked and mutually reinforcing, a comprehensive policy framework to reduce inequality needs to address both. The mix of policies and how they are sequenced to address inequalities are context-dependent and specific to the needs and requirements of each community. Nevertheless, priority could be given to deeper and more persistent gaps. For example, rapid urbanisation might lead to declines in income inequality, but widening gaps in education or health might need to be prioritised.

A comprehensive policy framework is necessary to help policy makers better navigate the complexities and challenges of forming appropriate policies to address inequality based on three related pillars:

- Moderating income inequality.
- Closing gaps in health, nutrition and education.
- Addressing social exclusion by promoting agency, combating discrimination and transforming inequality-reproducing cultural norms.

These pillars may be built around several building blocks (Table 2.12).

Table 2.12: Building blocks for reduced inequalities in Bangladesh

Pillar	Building block
Moderate income inequality	• Strengthen inclusive growth • Adopt effective redistribution policies • Promote income opportunities for the low income population groups
Close gaps in health, nutrition and education	• Ensure better targeting and pro-poor composition of public expenditures • Improve delivery channels of quality services • Strengthen institutions and improve capacity for provision of quality services • Implement governance reforms for installing greater responsiveness to disadvantaged/excluded groups • Expand access to un/underserved populations and regions
Remove social exclusion and discrimination	• Expand civic/political/economic engagement for socially excluded/marginalised population groups including women • Adopt affirmative action and anti-discriminatory laws/policies

Source: Authors' compilation.

In reality, a decent system of taxation together with provision of social protection to the poor could support a process of inequality-averse growth. But one must also remember that the nature of state power in a country like Bangladesh seeks for avenues of rent appropriation. These are used in distributing contract for public procurement and favours to trade and industry to overcome 'invisible' controls. As a result, investments remain less efficient as the choice is dictated by a distorted market and by those who have best access to state power. Recognising the fact that the implementation of equitable policies will face a number of hurdles, Table 2.13 provides a list of specific policies that may be considered for creating more equitable development in Bangladesh.

Table 2.13: Specific policies for more equitable development in Bangladesh

Broad agenda	Policy measures
Policy 1: Moderate income inequality	
Induce changes in the pattern of growth such that incomes of low-income population grow faster than average	**Decent employment creation and labour market reforms**: Create sufficient employment (quantity); that gives adequate income, security and stability (quality); and accessible to all groups (equal access); target MSMEs by providing access to finance (both start-up and for expanding operations) and markets, assist in adopting new technologies and identifying strategically important sectors; provide information on improved production methods, technical support services, vocational training, establishing/strengthening business links and subcontracting; adopt strategies to ensure that MSMEs are integrated with the industrial sector as providers of inputs and raw materials to bigger firms.
	Employment guarantee schemes: Implement government-sponsored employment guarantee schemes to absorb low-skilled poor workers and allow them to earn a basic income which act as a safety net to guarantee a certain level of income for those otherwise unemployed, while putting in place much needed economic and social infrastructure. Scaling up of employment guarantee schemes can be effective in reducing inequality, including horizontal inequalities. Moreover, the infrastructure built will increase labour productivity; cost per net job created could be much lower than for alternative policies, and the programme wage may emerge as the de facto minimum wage, reducing minimum wage enforcement costs. **Labour market policies:** Create stronger labour market institutions along with effective minimum wage legislation, collective bargaining to reduce wage inequality; manage drivers of inequality associated with financial and trade globalisation. **Macroeconomic strategy to promote inclusive growth:** This will prioritise three elements--economic growth, employment creation and macroeconomic stability.
Adopt effective redistributive measures to improve income inequalities	**Social protection providing minimum income security**: Social insurance (e.g. microinsurance) and social assistance programmes to cope with contingencies and adverse events. **Consumer subsidies:** For reducing the costs of household goods for which low-income households spend a disproportionate share of their incomes which can have an immediate impact on nutrition and consumption as well as general well-being of low-income households. **Progressivity of tax system:** Strengthen direct taxation including income and property taxes and adopting well-designed tax brackets and rationalising personal exemptions and deductions; make VAT progressive by taxing goods and services consumed by the rich and poor at different rates, such as basic food items.
Promote income opportunities for the low income population groups	**Administrative reforms to improve access to employment and income:** Address all discriminatory provisions and discriminatory practices including statutory or customary barriers to access or ownership of assets; use affirmative action policies for improving income-generating opportunities of specific groups, allocate jobs, public contracts, credit, access to higher education and legislative seats on the basis of belonging to a disadvantaged group; barriers to participating in productive employment. **Access to labour markets:** Remove barriers to skill sets, information gaps or mobility constraints of individuals and groups; design policies to promote higher employability of the poor and disadvantaged groups involving a package of instruments that address different barriers to access employment and income generation opportunities; improve access of women to labour market by addressing gender-based

Broad agenda	Policy measures
Policy 1: Moderate income inequality	
Promote income opportunities for the low income population groups	discrimination and specific barriers that women face when entering productive employment; ensure on-site child care centres and other worksite facilities (e.g. medical aid, drinking water, toilet facilities and shade) in informal employment locations. **Access to finance:** Ensure financial inclusion for all by removing both price and non-price barriers in both demand and supply sides.
Policy 2: Reduce gaps in health, nutrition and education	
Ensure better targeting and pro-poor composition of public expenditures	**Increase level of public expenditures in education, health and nutrition sectors:** Ensure that these basic social services are available in sufficient quantity; physically and economically accessible; affordable without being a disproportionate burden for the poorest; and of good quality in terms of relevance and cultural acceptability; ensure greater flow of public expenditures to social services with the biggest gaps (e.g. expenditures on health sector in rural areas need to grow faster than expenditures in urban areas; as secondary school enrolment rates lag behind primary completion rates, more resources should be directed towards secondary education, large gaps in nutrition outcomes across wealth quintiles imply that expenditures should target those at the tail end of the distribution etc.); increase investments in early childhood development having strong redistributive power while being highly cost-effective; direct public investments in infrastructure, especially in rural and geographically isolated areas, with strong positive growth and inequality-reducing benefits. **Create better access for poor, excluded and disadvantaged groups:** Focus on sectors, geographic locations and groups that are more isolated and disadvantaged by increasing availability and quality of social services and programmes for the poorest and most excluded groups; investments in infrastructure like basic water and energy reduce the time women spend in household unpaid labour, allowing them to spend more time in paid labour to reduce income inequality across genders and improve mothers' health, which benefits children's well-being.
Improve delivery channels of quality services	**Focus on (i) multi-sector early childhood development programmes, (ii) integrated local service delivery systems, and (iii) community-based programmes:** **Early childhood development:** Early childhood development programmes work across sectors to achieve a series of mutually reinforcing objectives to improve the well-being of children, directly providing health and nutrition services to participating low-income and disadvantaged children while also providing the stimulation, support and attention to improve their school readiness and chances to earn higher future incomes. **Integrated service delivery systems:** Integrated delivery systems that group relevant services under one scheme and overcome issues of fragmentation can improve access to services and avoid dropout of beneficiaries. Integrated delivery systems are networks of providers and organisations that aim to deliver a coordinated continuum of services to a defined population and are accountable for the outcomes of the population served. **Community-based programmes:** Interventions that support participatory, community-based programmes focused on improving outcomes in education, health and nutrition can have an important impact in closing gaps in well-being. By involving beneficiaries in programme design, implementation and evaluation, participatory programmes help empower communities, create a sense of ownership and foster accountability to poor clients. Community outreach and community-based services are also useful strategies for reaching isolated groups or those who would not otherwise seek services.

Broad agenda	Policy measures
Strengthen institutions and improve capacity for provision of quality services	Focus on three important tools to build institutional capacity: (i) improving the quantity and quality of human resources to deliver services, (ii) strengthening local governments so that services reach the most marginalised communities, and (iii) enabling inter-sectoral coordination so that services are comprehensive.
Implement governance reforms for installing greater responsiveness to disadvantaged groups	Ensure that institutions operate not only efficiently, but also responsively to the needs and aspirations of those who are lagging behind. Effective accountability mechanisms are needed to ensure full implementation of inequality-reducing measures, particularly those based on public expenditures. A variety of instruments within the broad realm of social accountability, such as social audits, citizen report cards and public expenditure tracking surveys, can be used for the purpose.
Expand access to un/underserved population and regions	Disadvantaged groups need to be reached through specific reforms that address the particular access barriers that they face, including social norms that allow for exclusion and discrimination. Social norms are significant in explaining inequality in education, health and nutrition outcomes across gender and place of residence.
Policy 3: Remove social and gender exclusion and discrimination	
Expand civic/political/economic engagement for socially excluded/marginalised population groups including women	**Broaden participation in political and public life:** Create civic and political space for inequality reduction such as involvement of civil society in policy debates on national development plans and budget priority setting; resolve specific economic, social and cultural barriers that prevent the poor and marginalised from participating in public life; CSOs must themselves be inclusive, accountable and transparent if they are to effectively promote greater social justice; work towards a truly inclusive democracy—in which nobody is left out of the public dialogue based on income or other grounds—which is critical to distributional outcomes; new technologies hold great potential to create inclusive citizen networks e.g. platforms based on simple SMS capacity for collecting and mapping inputs from citizens can enable initiatives of mapping community needs.
Adopt affirmative action and anti-discriminatory laws/policies	**Promote conditions that are conducive to inequality reduction:** Prejudice and discrimination are based not only on gender, racial, ethnic or cultural grounds, but also on economic grounds; use the space for specific interventions to revise the norms underpinning inter-generational transmission of inequalities using effective enactment of anti-discriminatory legislation; improving access to justice for the poor, marginalised and disadvantaged; introduction of affirmative action policies; and engagement with the media and other public opinion makers. Affirmative action interventions that aim at directly promoting the socioeconomic status of specific groups in the areas of education, employment and business creation can improve the opportunities for disadvantaged groups; these policies can use quota system for racial and ethnic groups, women and persons with disabilities.

Source: Authors' compilation

The above discussion illustrates the patterns, dynamics and the challenges of inequalities over the last more than fifty years in Bangladesh. However, these are not mutually exclusive neither these should be treated as causes or symptoms. There are many other issues of social, cultural and political processes which are also important ingredients of the processes and the outcomes, reinforcing the historical aspects and inter-generational dimensions of inequalities.

The above discussion highlights that probably the most important dimension of the country's development process is acute inequalities and the trend towards increasing inequalities covering most dimensions (economic as well as non-economic) of development. It is seen that many people still have

inadequate access to basic services to benefit from the current development process which shows the state's unethical and unfair biases in favour of the rich and the elite.

The unequal development process has also been fueled by democratic deficit in Bangladesh under the powerful neoliberal regimes. The proponents of neoliberalism hold that inequity in development is the outcome of inadequate functioning of the market mechanism and prescribe that creating 'market-friendly' social structure and economic institutions which are self-regulating and can respond to economic regulations and incentives will generate a process of inclusive and equitable development in Bangladesh. However, the development reality in Bangladesh points to the tendency towards inequality in every sphere of life, and that the structural process itself compels the state to remain strongly biased towards the rich and powerful elite. No doubt, the 'elite capture' of the state has contributed much towards widening the democratic deficits in Bangladesh.

Further, the development process in Bangladesh portrays a relentless struggle between the masses and the elite for better policies in fulfilling the state responsibilities of basic rights, such as removal of socioeconomic exclusion and marginalisation of disadvantaged communities; universal social security and gender equality; eradication of poverty and hunger; right to food and nutrition; access to quality and affordable education and health care; right to sustained and decent employment and livelihoods; and ensuring environmental sustainability and other democratic and basic needs. No doubt, Bangladesh has achieved significant progress in many respects e.g. public distribution of food at low prices; pension to the elderly, distressed women and disabled peoples; social protection and cash transfers to deprived sections of society including the poor and disadvantaged women, dalits, minorities and indigenous peoples. But, it is yet to fulfill the basic principles of justice and democracy such that no one is left behind.

In short, equality and justice along with equal opportunities for all, as ingrained in the concept of inclusive development, needs to be the cornerstone of equitable and sustainable development in Bangladesh. For the purpose, the state must guarantee equitable access to land and other natural resources and socioeconomic opportunities that are vital to sustain the people's livelihoods and to ensure the inclusion of the disadvantaged and left-behind communities. Deep and equitable reforms are needed to overhaul the legal, institutional and structural arrangements in the country. Besides, it is important that the rights of women and other disadvantaged communities are ensured. The key is to ensure fair and equitable representation for all in political, state, economic and social institutions by abolishing all forms of discrimination in society. While not undermining the critical importance of other dimensions (including health, education, social inclusion and protection for the disadvantaged communities) in the process of reducing inequalities, the country's labour market and its dynamics is probably the critical entry point for strengthening the process of inclusive development in Bangladesh.

2.7 Concluding Remarks

Bangladesh's rapid progress achieved in poverty reduction over the last more than five decades is no doubt impressive; yet, the country has a long way to go -- in the context of the Fourth Industrial Revolution (4IR) -- to fulfill the aim of expanding the richness of human life and creating fair opportunities and choices for all people. The relevant development agenda needs to hold that people must be given more freedom and opportunities through developing their abilities and giving them a chance to utilise them. Educating a girl would no doubt build her skills, but it will of little use to improve her welfare if she does not have access to quality jobs in the labour market. For the next decade, the key policy agenda for Bangladesh is to ensure a more rapid and comprehensive transition to more inclusive development that systematically addresses:

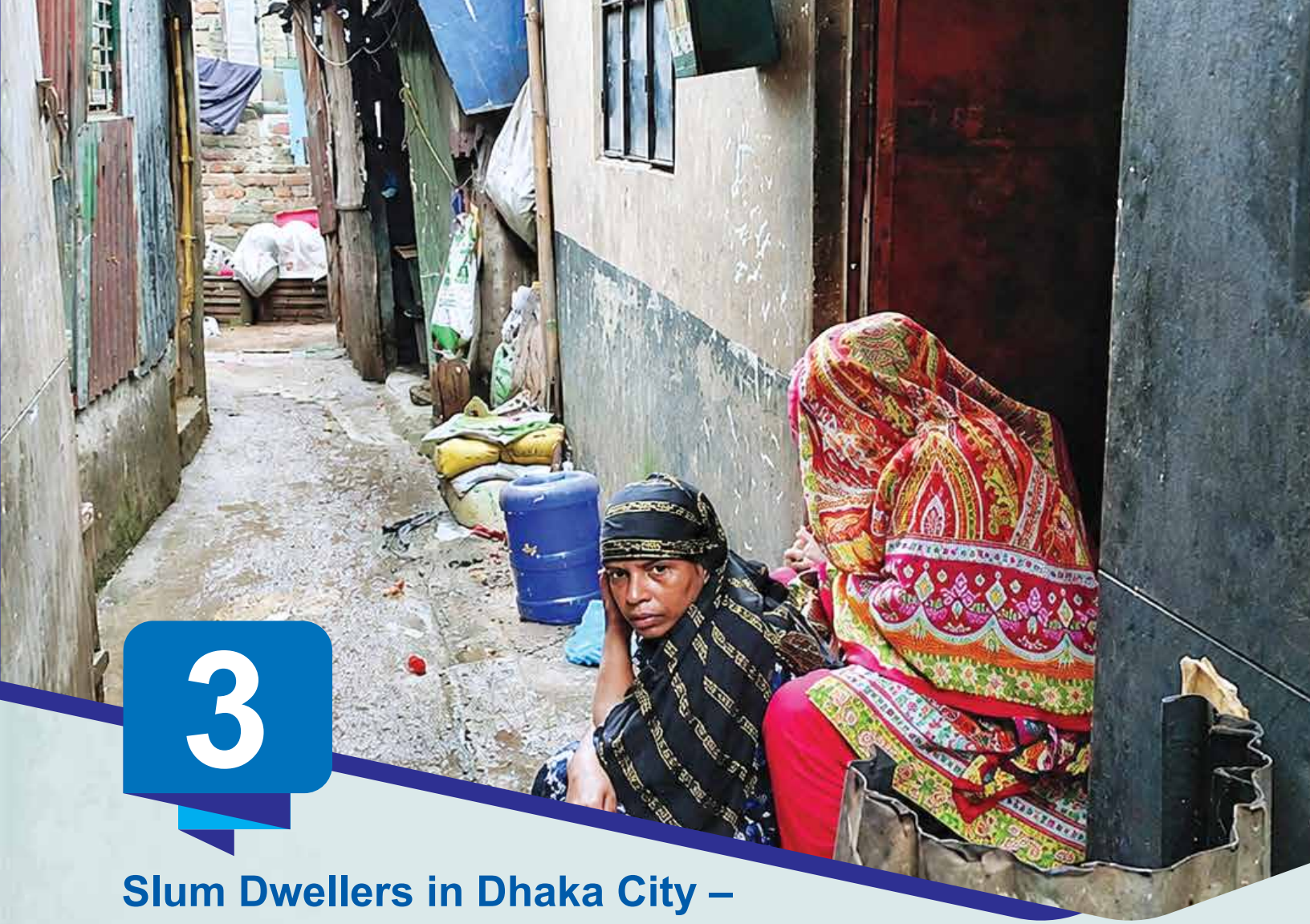
- Problems of inequalities;
- Gaps in key social indicators including education, health and nutrition across different social groups and left-behind and marginalised communities; and
- Discriminatory institutions and norms including lack of empowerment of the disadvantaged/marginalised communities.

Such a transition towards inclusive development requires a shift in the country's development paradigm to bring changes in the growth pattern such that the poor, low-income and marginalised households can have higher than average income growth; and the government can install effective redistribution policies favouring these poor and marginalised communities and expand new avenues of economic and social opportunities for the poor and disadvantaged communities.

Table 2.14. Global MPI

Poverty Line	2022	2023	2024	2025f	2026f	2027f	2028f
National poverty rate	18.7	18.9	20.5	21.4	20.9	20.0	19.3
International poverty rate (US$3.0 in 2021 PPP)	5.9	6.3	8.3	9.0	8.7	8.0	7.2
Lower middle-income poverty rate (US$4.2 in 2021 PPP)	20.5	21.0	22.6	23.2	22.8	22.1	21.3
Upper middle-income poverty rate (US$8.3 in 2021 PPP)	71.5	71.3	70.7	71.0	70.4	69.6	69.1
Gini index	30.9	33.0	34.2	34.0	34.2	34.7	34.8

Notes: For more details see Alkire, Mishra, Selden and Suppa (2025a); the global MPI is related to the following SDGs: No Poverty (SDG 1), Zero Hunger (SDG 2), Health & Well-being (SDG 3), Quality Education (SDG 4), Clean Water & Sanitation (SDG 6), Affordable & Clean Energy (SDG 7), and Sustainable Cities & Communities (SDG 11).



3

Slum Dwellers in Dhaka City – Cruel Manifestation of Physical Space and Urban Poverty Interface

“Slum populations in Metropolitan Dhaka face a multifaceted crisis characterised by severe deprivation of basic needs, extreme overcrowding, and high vulnerability to health and environmental hazards. As ‘pockets of poverty’ within the booming urban centres, these communities suffer from systematic neglect and limited access to essential services. Time and again, these slum dwellers have demanded decent wages, safety regulations, social security benefits, skill development programmes, formal employment opportunities, enforcement of labour laws, and decent living conditions to enable them to continue serving the city and earn a living. Over the decades, the situation has changed very little and ‘urban injustice’ continues to persist. The slum dwellers are the ones who build and enable the growth of the Mega city, Dhaka. Through their effective inclusion, we can create a habitable and climate-resilient city that will be prepared to face the increasing intensity of physical space and urban poverty interface and keep pace with rapid climate change vulnerabilities.”

Throughout the history, different terms have been used to describe the overcrowded living conditions of slums, such as decaying inner-city tenements, squatter settlements and shantytowns (Khalifa, 2011). The use of the term 'slum' can be traced back to the First Industrial Revolution in the United Kingdom in the mid-1700s, when millions of people flooded the cities seeking work, setting up home wherever they could. In 1812, the term 'slum' was coined which gradually shifted to describe all forms of adverse social outcomes such as inadequate housing and sub-standard living quality (Flood, 2002). These deprived areas, where low-income families are compelled to live in unhygienic and very dense, poor quality housing with a lack of basic services, are generally found either within a city or on its outskirts. With respect to developing countries, UN (2002) reports that typically, in addition to tenure insecurity and inadequate space, slums also have a lack of basic services such as water, electricity and sanitation. Such services are not provided by the government bodies, partly due to the informal status of the slum occupants. Rather, special types of relationship are built between the tenants and the landlords where the landlords become the service providers.

Rights to better housing (Article 15), living, and livelihood (Article 32) are the constitutional rights of all citizens of Bangladesh, including those living in the slums of the country's cities. Further, the new urban agenda and allied targets in Sustainable Development Goals (SDGs) of the Sustainable Development Agenda 2030 reinforce the obligations of 'leaving no one behind' for all countries across the world including Bangladesh. The origin and growth of slums in Metropolitan cities like Dhaka in Bangladesh are primarily driven by 'messy and hidden' urbanisation, where rapid population growth outpaces the capacity of these cities to provide formal housing, infrastructure, and other basic services for leading a reasonably accepted city life. In 2022, more than 35 million people lived in urban slums across Bangladesh which represented over 50 per cent of the country's total urban population. The number of urban slum dwellers experiences rapid year-on-year growth driven by a combination of higher rural poverty characterised by few rural economic opportunities in the rural areas that encourage rural-to-urban migration and the promise of economic opportunity in cities like Dhaka.

The trend of urbanisation and urban growth is somewhat unique in Bangladesh that characterises rapidly rising urbanisation in the country's two major metropolitan cities – Dhaka and Chattagram. One major consequence of this trend is the acute shortage of housing facilities and other basic urban infrastructures and services especially in these cities. In view of shortages and high rental cost of residential facilities, most of the rural and poor migrants to these cities become slum dwellers. This also makes 'urbanisation of poverty' very apparent in Bangladesh.[3] In general, the term 'slum' refers to agglomeration of informal settlements found in urban areas that suffer from insufficient housing, overcrowding and a lack of essential services. Thus urban slums are characterised by heavily populated residential areas having substandard housing along with inadequate access to safe water and sanitation facilities and other essential infrastructure, poor structural quality of housing, overcrowding and insecure residential status (UN-Habitat, 2015). Presently, to avoid the derogatory notion attached to the word 'slum', the term 'informal settlement' is often used. Nevertheless, in addition to the characteristics of the slums (tenure insecurity, lack of services etc.), Informal settlements also consider the legality of tenure, where the inhabitants have insecurity of tenure over the land.

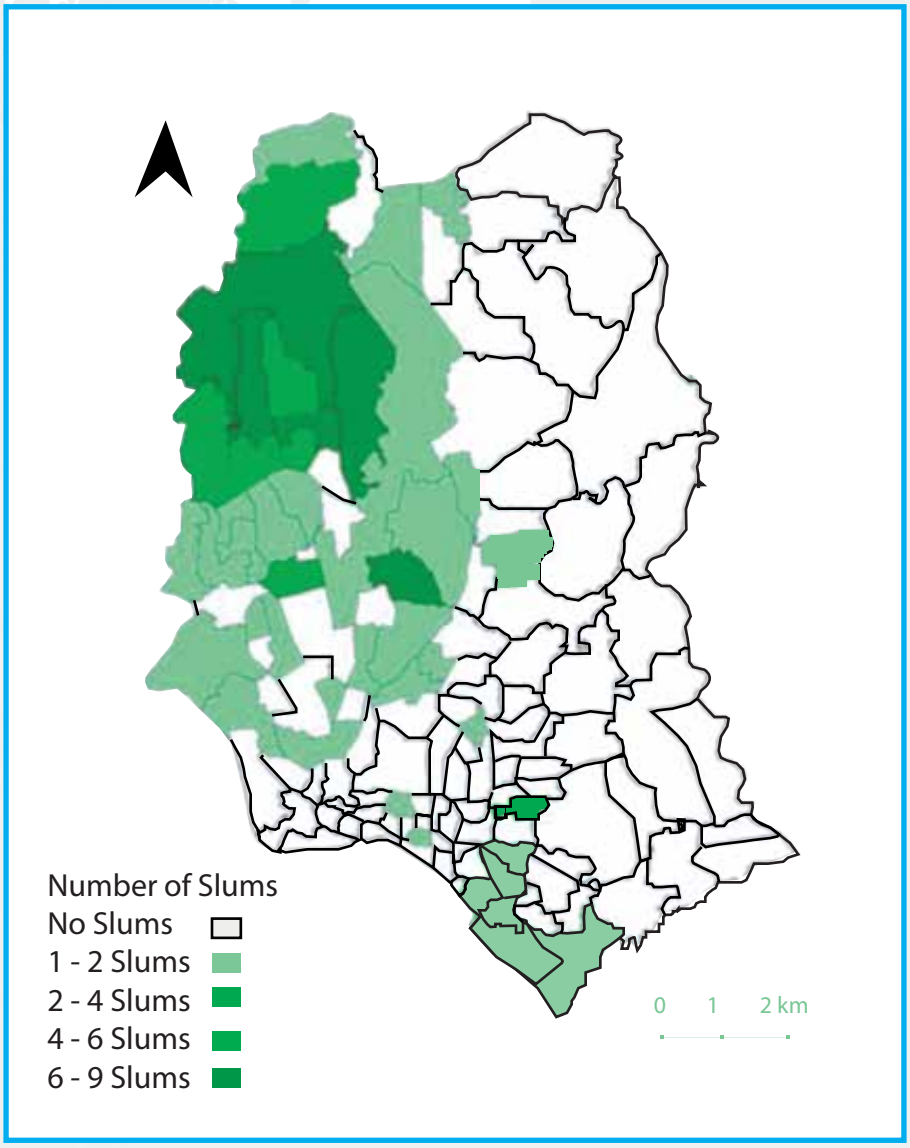
3.1 Slum Dwellers of Dhaka City

According to the Census of Slum Areas and Floating Population 2014 conducted by the Bangladesh Bureau of Statistics (BBS), Dhaka's two city corporations (Dhaka North City Corporation, DNCC) and Dhaka South City Corporation, DSCC) accommodate 3,400 slums, of which 2,908 slums have households less than 50 and 145 slums have more than 200 households (Figure 3.1). In DNCC, the slum population is 4,99,019, more than three times higher than in DSCC.

[3] In South Asia, although India and Bangladesh have a similar urbanisation rate, the percentage of the population living in slums in India is 24 per cent, compared with nearly 55 per cent in Bangladesh. Within South Asia, Bangladesh has the second-highest percentage of slum population (55 per cent), surpassed only by Bhutan, where 70 per cent of its total population of under a million is living in slums.

Big slums of size ranging from around 32 acres to 104 acres are mainly located in DNCC. Slums occupy 6.33 per cent of urban population who live only within 1 per cent of the total city space. Still, the slum population in Dhaka city is growing fast.

Figure 3.1: Distribution of slums in DSCC and DNCC



Source: BBS, 2015

Around 78 per cent of the large size slums are located in low-lying areas like khals, lakes or rivers. In DNCC, Mirpur and Pallabi areas have the highest number of slums while in DSCC, the concentration is higher in Jatrabari area. Slum sizes in Dhaka city range from around 0.42 acre to 104 acres while the average size is 2.4 acres. The Korail Basti (slum), which is the biggest slum in Dhaka city, has a population density of 87,606 people per sq. km. In contrast, Ayub Ali, Saju and Lipur Basti, located in DSCC (Ward no. 18), has a population density of 815,790 per sq. km.

Box 3: Population density in slums of Dhaka city

In the slums of Dhaka city, the average density of population is about 250,000 people per sq.km. which is more than five times higher than that of Dhaka city's average population density (47,400 people per sq.km.). The density is particularly higher in small slums. Korail Basti, the biggest slum in Dhaka city, has a population density of 87,606 people per sq. km. whereas Ayub Ali, Saju and Lipur Basti (a small slum in Ward no. 18 of DSCC), has a population density of 815,790 per sq. km.

Key dimensions of living standards

The slums of Dhaka city, which are basically low-income urban poor settlements, are characterised by diversified problems. This review highlights the living standards of these urban slum dwellers with reference to several key basic indicators of living standards in the cities. As highlighted in various studies, slums in Dhaka city have a tendency to grow adjacent to environmentally vulnerable areas such as water bodies, industrial belts especially around hazardous industries, garbage dumping sites and similar other climate change affected locations. These slums are highly overcrowded and their dwellings (usually a single room) are constructed with such materials as used tin sheets, bamboo, straws, and similar materials which are not durable. Furthermore, they have to pay exorbitant rents for living in such poor housing structures and unhealthy living environment since their demand far exceeds the supply. Moreover, since these are located mostly in vacant lands earmarked for specific urban development purposes, frequent eviction is one of the critical problems that the slum dwellers face. As the owners of the slums have no documented tenure rights and these are located in illegally occupied lands, the rehabilitation of evicted slum dwellers becomes a complex issue and the slum dwellers are compelled to bear the entire burden of consequences. A summary of the prevailing slum scenario of Dhaka city vis-à-vis the national and international guidelines related to housing of urban dwellers is given in Table 3.1.

Table 3.1: Status of slum housing in Dhaka city vis-à-vis national and international guidelines

Existing slum scenario in Dhaka city	Prevalent national guidelines	Applicable international standards
Location		
•Around 78% of Dhaka's large slums are located in low-lying areas. •Many slums are located near hazardous industries and other unhealthy and unlivable areas.	National Housing Policy 2018 maintains that: • Location must be above the highest flood level. • Environmentally sensitive and critical areas must be avoided. • The uses of cheap and environment friendly local materials are to be supported.	According to UN Habitat: • Hazardous areas, areas around industries and garbage, and environmentally sensitive and critical areas must be avoided.
Overcrowding		
• On average, around 5-8 members share a room of 14 sq. m. in the slums of Dhaka city. • In some slums, a room with a size of around 2.5 m. to 3 m. is shared by two families.	There is no specific standard set regarding persons per room or per floor area for low income settlements.	According to UN Habitat: • Not more than 2 persons per room or 5 sq. m. of floor area per person.

Existing slum scenario in Dhaka city	Prevalent national guidelines	Applicable international standards
Affordability		
• Slum dwellers in Dhaka city spend about 20% to 40% of their total household income on rent. • Slum dwellers in key locations (e.g. Korail) in Dhaka city pay more rent per square feet compared with other locations which may comprise around 67% of their income.	National Housing Policy 2018 urges for: • Ensuring affordable housing. • Subsidies to low-income people while land allocations are made by relevant agencies.	SDG 11 defines a housing affordable when less than 30% of household income is spent on housing-related expenses.
Tenure Uncertainty		
Over half of all slum residents live in permanent fear of eviction.	National Housing Policy 2018 urges to rehabilitate the affected owners when evictions are made to utilise the slum lands for formal development purposes.	SDG 11 focuses on secured tenure rights to land, with legally recognised documentation.

Source: Policy Brief, Number BUET/URP/2022/01.

Inaccessible and poor (often contaminated) water supply systems are two critical problems for slum dwellers in Dhaka city. Available information indicates that nearly 97 per cent of the slums in Dhaka city have no access to improved water sources and around 94 per cent of the slum dwellers use shared water sources (see, Arias-Granada, et al. 2018). The country's national guidelines suggest that it should not take more than 20 minutes to collect water; but in reality, the slum dwellers in Dhaka city are required to spend 4.5 to 6 times the indicative time during normal hours to collect water. Even the water that is collected after so much efforts is of poor quality to use for washing or bathing let alone drinking. The status of water supply in the slums of Dhaka city in relation to national and international standards and guidelines is shown in Table 3.2.

Table 3.2: National and international guidelines and actual status of water supply in slums of Dhaka city

Existing slum scenario in Dhaka city	Prevalent national guidelines	Applicable international standards
In most slums of Dhaka city: ▪ Water points are available at short walking distance of about 10 to 15 minutes. ▪ On average 1.5 to 2 hours are required for water collection. ▪ Women consume less water to avoid hardship of collecting water which is socially regarded as women's job. ▪ Water points are used on a shared basis. ▪ Most often pipe leakages contaminate water making it unsuitable for household uses.	According to the National Strategy for Water Supply and Sanitation 2014: ▪ The water source should be located within 150 meters of the household. ▪ A maximum 20 minutes should be spent for water collection. ▪ The norm of water requirement is 50 liters per capita per day. ▪ Shared provision should be for 50 100 person/ source. ▪ The supplied water must meet the national water quality standards.	SDG 6 requires: ▪ Accessible water facility on the premises. ▪ Less than 30 minutes for collection. ▪ Water availability of 20 liters per capita per day. ▪ Water should be available whenever needed. ▪ Water should be free of fecal and chemical contamination

Source: Policy Brief, Number BUET/URP/2022/01.

In the case of sanitation, the status of slum dwellings in Dhaka city is equally dismal. Temporary toilets or hanging toilets connected to the drainage channels are the common practices which have no proper sanitation facilities inside the toilets. Available estimates indicate that about 78 per cent of the slum

dwellers still use pit latrines, while 10 per cent use hanging latrines (see, Arias-Granada, et al. 2018). Around 91 per cent of the slum dwellers in Dhaka city share toilets, where a toilet is shared by 16 families on average. The accessibility to toilets is also not easy. On average, people need to wait around 7 to 10 minutes in line to use the facility and the required time could be much longer during peak hours. In short, improved latrines, as portrayed in the national and international guidelines and standards, are far from reality in the slums of Dhaka city (Table 3.3).

Table 3.3: Comparison of reality of sanitation facility in slums of Dhaka city with national and international guidelines

Existing slum scenario in Dhaka city	Prevalent national guidelines	Applicable international standards
In the slums of Dhaka city: •Poor sanitation facilities such as no water supply inside, absence of fecal sludge management, open defecation system, elevated entrances and broken doors are common. • In some cases as high as 16 families use one toilet on a shared basis. • On average about 7 to 10 minutes are required to wait in the line to access the toilet.	The Bangladesh Water Supply and Sanitation Sector Development Plan (2011-2025) maintains that: • Basic and improved sanitation facilities, including flush latrines with septic tanks or sewer systems, ventilated pit latrines, and pit latrines with slabs will have to be used. • Appropriate fecal sludge management must be adopted. The National Strategy for Water Supply and Sanitation 2014 holds that: • There should be at least one hygienic latrine for each household; otherwise, there should be one community latrine for a maximum of two families or ten people.	SDG 6 requires: • Improved sanitation facilities that include latrines to piped sewer system, pit latrines with slab; composting toilets etc. • In-situ sludge treatment or treatment off-site. • Improved facilities that are not shared with other households.

Source: Policy Brief, Number BUET/URP/2022/01.

On-site slum upgradation solution

Some researchers have suggested on-site slum upgradation solutions in terms of resilient and affordable housing with all essential services and amenities for the slum dwellers in Dhaka city. Poor living conditions in the slums are manifested mostly by the dilapidated katcha housing, absence of legal water supply sources, provision of shared toilet etc. Some researchers propose multiple land use distribution such as different types of housing (e.g. Type A, 280 sq.ft.; Type B, 250 sq.ft.; and Type C, 150 sq.ft.) to accommodate the slum dwellers. Types A and B could be taken as family housing of five/six storied buildings while type C could be dormitory type housing. The facilities should include some community facilities, such as primary school, community clinic, dispensary, mosque, bazar, open spaces, local shops etc. Green buffers could be developed along the pedestrian walkways. If the location contains water bodies, these could be revived by introducing fishery projects. Solar panel and rainwater harvesting systems should also be provided.

For successful implementation, community based organisations (CBOs) involving both male and female members of different age groups may be formed in the slums. The CBOs will collaborate with the local people and the project implementing units (PIUs). The PIUs will conduct the construction work for housing development along with installation of different services and community facilities.

Phase-wise construction and implementation could be preferred. In the first phase, planned relocation of slum dwellers may be taken up from one part of the slum to other parts to construct buildings, access roads, and drainage lines along the street in the vacated part. A similar process of construction may be followed for other parts of the site in phases. Reviving the water bodies should also be taken up in the

appropriate phase. Moreover, if feasible, it would be worthwhile to keep some area for cost recovery. This land could be allotted to private developers for further development except for industrial use. Existing slum dwellers having household incomes below a specific level, will be eligible to buy the dwelling units in the slum. Families with incomes less income could rent the housing units. For purchasing and renting dwelling units, existing residents should be given priority.

The key issue in such on-site slum upgradation solution is to ensure implementation in an objective manner and ensure its sustainability. For example, the city mayors of DNCC and DSCC can lead in involving both public and private entrepreneurs to design and implement a sustainable slum dwellers' housing system. Land tenure, sources of funding, and cost recovery issues need to be resolved for successful implementation of such slum-upgradation programmes. The formation of CBOs and their training can act as catalysts for implementing these tasks including the introduction of rental housing system instead of individual house ownership alone.

3.2 Development Interventions in Slums: Global Perspectives

With growing urbanisation and rapid spread of slums, the Vancouver Conference in 1976 predicted the deepening of the unacceptable living conditions due to inequitable economic growth and uncontrolled urbanisation (UN, 1976). Following this, the issues of slums started to receive increasing attention since the 1990s (e.g. Panday, 2020; Humphrey and Shahadat, 2018). It may be mentioned here that although slum improvement through site and services schemes started in the 1960s, the horizon of interventions was widened through the declaration of the Millennium Development Goals (MDGs, 2000-2015) (Pandey, 2020). Since the inception of the MDGs, considerable policy interventions were articulated on slum issues, including providing affordable housing, slum upgradation, provision of basic services, children and women's health and institutional inclusion (Khan and Swapan, 2013; Patel et al., 2009; Roy, 2005, 2011; Swapan, 2016). Initiatives to improve the conditions of slums also received endorsement from the national governments as well as international agencies, such as the United Nations (UN) and World Health Organization (WHO). To take the successes of the MDGs forward, United Nations adopted the Sustainable Development Goals (SDGs, 2015-2030) for ensuring a better and more sustainable future by 2030. The goal 11 of the SDGs aims to make cities 'inclusive, safe, resilient and sustainable' by providing affordable housing, basic services and slum upgradation. Like the MDGs, the SDGs also have specific objectives related to the slums, which have helped the slums to receive much attention from the policymakers.

Priority on Slum Improvement

As indicated above, a plethora of national and international interventions since the 1990s, including the MDGs and SDGs, have instigated a greater attention on improving the living conditions of the slum dwellers. Research on slums has also focused on poverty and inequality by predominantly intervening within a specific geographical boundary and concerns over the issues such as housing affordability and tenure security. As UN (2002) suggests, a typical slum has acute tenure insecurity, with two other issues in common: inadequate space and lack of basic services. To ease the service provisions, a significant attention has been focused on delineating slum areas within a city (Dewan and Yamaguchi, 2009; Kohli et al., 2013). Traditional as well as GIS and remote sensing technologies are being used at present to delineate slums for efficient service delivery. In this context, the practice of informal governance and informal service providers vis-à-vis landlords and local leaders define the border of the slums (Rana, 2016). This helps to organise, govern and plan social spaces as well as social life.

Aspects of tenure security and other slum improvements have focused on more prominent and

recognised slums in the Global South. Moreover, in many South Asian cities, low-income settlements are also growing outside or adjacent to the slums (Chatterjee, 2019). It is also argued that availability and accessibility of public services in Bangladeshi cities are widening, and special types of relationship exist in slum areas to ensure these services such as water and electricity (CUS, 2011; Khan and Swapan, 2013; Swapan, 2016). Moreover, with an increasing number of poor populations living in non-slum areas, this growing problem is yet to be addressed in reality.

With a rising number of populations living in cities, in addition to the slums, tenure insecurity exists in other city areas as well. Legal-status-based property rights (de jure) are considered as the true indicator of tenure security. However, land tenure policies in urban areas are frequently complex and do not simply fall into the categories of formal and informal, or legal and illegal, particularly in the context of developing countries like Bangladesh (Payne and Majale, 2004; Varley, 2013). Rather, tenure security as the factual situation on the ground determines de facto security (Luciano and Van Gelder, 2015). De facto securities depend, among others, on the size of the settlement, length of stay, community structure, political acceptance and third party assistance.

Over the decades, slums in the South Asian cities have become more stable and big; along with the dwellers becoming politically more conscious about their rights. Interventions from human rights groups, NGOs and donor agencies have also increased the political acceptance of the slum dwellers and has somewhat reduced the risks of forced evictions. This has helped the slum dwellers to enjoy de facto tenure security as they live over a few generations in many slums. Further, in many instances, the local and central governments have also practised the concept of in situ slum upgrading, which is based on the notion that it is socially and economically more effective to allow thee dwellers to remain in their communities (Jaitman, 2015).

On the other hand, the focus on tenure security has helped the slum dwellers little as these cities are experiencing rising social fragmentation and inequalities. Social fragmentation is frequently observed in the case of housing (e.g. slum/informal settlements), urban services (e.g. limited access to water and sanitation) or resource consumption (e.g. household spending on essential items). The issues of inequality of service accessibility also transcend beyond a specific geographical boundary -- the slums or informal settlements. The reality of the cities is changing in such a manner that these cannot be simply identified as binary between formal and informal, since the boundary between the two is disappearing fast with the growing number of intermediary settlements. Parts of formal settlements are also converting into informal ones as these experience uncontrolled and sometimes illegal settlements (Dovey et al., 2020). Moreover, despite decades of interventions, slum dwellers have not as yet emerged as partners in their city's wider decision making processes. In practice, a dual governance system persists in which the slum dwellers remain highly marginalised and resource allocations become highly unequal. Mainstream resources are mostly allocated for improving the amenities of the formal city dwellers which hardly touch the lives of the urban poor and slum dwellers. The urban space, where the poor and slum dwellers live, remains highly segregated without any focus on this particular space, especially the urban slums. As a result, the mainstream (formal) development process, particularly related to city development, does not address the structural challenges of slum reforms as the dominant social and political structures control the decision making and resource allocation processes with no voice of the underprivileged slum dwellers.

3.3 Some Features of Slum Dwellers of Dhaka City

Available literature on slums in Dhaka city may be grouped under several clusters, such as slum/informal settlement growth; informality, housing and living quality; community services and mapping; vulnerability, citizenship and governance; and health and drug related issues.

In the context of Dhaka city, the term 'poor settlement' has sometimes been used as a synonym of slum, squatter or informal settlements in the literature. For instance, the term 'poor settlement' has been used to study the impacts of sanitation initiatives by NGOs in Dhaka slums (Bilqis et al., 1994); health care situation and social network in maternal and newborn health in Dhaka and Sylhet (Adams et al., 2015; Islam et al., 2016); mapping of slum and poor settlement areas (Hossain and Nazem, 2012); and tenure security and housing investment (Nguyen, 2018).

3.4 Review summary and conclusions

Overall, despite the growing number of the population taking shelter in the slums of Dhaka city, focus on addressing the growing concerns of intra-city inequality in terms of access to services and participation in decision-making remains inadequate.

The present literature review reveals that slums in Dhaka city have been the centre of attention for almost every aspect of slum life. The trend is still continuing with new topics for slum studies emerging, such as water governance. The review identifies a few major clusters of slum related analysis in Dhaka city: origin and growth of slum formation and informality; tenure insecurity, housing, overcrowding and living quality; community services and insecurity in access and usage; drugs and health services, access to education, citizenship and slum governance. The findings point to the need for slum upgradation, land security and community engagement, among others. Further, the bounded geography of slums leads to an extensive debate on how best to delineate geographical boundaries for improved provision of basic services including water, sanitation and other basic amenities of human life. Moreover, it is apparent that the terms slums, poor settlements, squatter or informal and temporary settlements (e.g. temporary means mud floor, bamboo walls, and thatched or polythene roof) are being used interchangeably. Nevertheless, non-slum poor settlements are still insignificant relative to the slum dwellers of Dhaka city especially when compared in terms of depth of poverty and intensity of deprivations. Further, with rapidly rising trends of inequality in every aspect of urban life, it is relevant for policy purposes to analyse inequalities over the broader framework of the city without confining the inequality dimensions to the specific slum locations of Dhaka city alone. In particular, inequality in access to and use of basic services is at the core of understanding and visualising the deprivations of slum life. Addressing the inequalities thus requires understanding how the service delivery and the system of service provisions are in practice in the entire city itself. Looking for inequality in a confined place such as slums gives only a fragmented image of the city scenario, since the city's growth process is dynamic in all respects. Hence, the exploration of inequalities in service provision in the slums of Dhaka city needs to take a broader view to include poor settlements and other city locations.



4

Empirics of Recent Dynamics of Slum Poverty in Dhaka City

“The dynamics of urban slum poverty are defined by a ‘cruel’ and multifaceted cycle that traps millions in a struggle for daily survival, characterised by severe spatial, economic, and social exclusion. These settlements, which often house a massive portion of city populations on a tiny fraction of land, are not merely pockets of low income, but areas suffering from chronic, interconnected deprivations”.

As the 25 million people of Dhaka city awake every morning to face a new day, they do so under very different circumstances. Some live in comfortable homes, have more than enough to eat, are well-clothed and healthy, and enjoy financial security. On the other hand, millions of others, who live in the slums, have little or no shelter, inadequate food to survive, suffer from poor health and malnutrition, and involved in precarious jobs with little or no education. Their prospects for a better life are uncertain. The fact remains: disparities regarding the basic needs of life across different population groups in the city are wide; and unfortunately, these are rising over time. Further, the worst part is the fact that there are millions of poor people living in the slums along with plenty of millionaires who enjoy lavish living in Dhaka city.

In reality, life in slums in Dhaka city is defined by a profound contrast between extreme resource scarcity and incredible entrepreneurial resilience. Driven by rapid rural-to-urban migration, these slums operate as highly functional 'micro-economies' despite compounding challenges of overcrowding, poor sanitation, lack of basic facilities and the persistent threat of eviction. Most of the slum dwellers in Dhaka city come from different districts and initially may not know each other well. But once they start living in the slums, apart from losing their regional identity, the slum dwellers also develop functional informal networks among themselves for survival under the harsh reality of the slums in Dhaka city. Prior to discussing the empirics of slum dynamics of the city, it may thus be worthwhile to mention several general characteristics of these slums as noted from the present survey:

Livelihoods and informal 'microenterprises: Some slums in Dhaka city, especially the bigger ones, serve as massive hubs for informal livelihood activities like recycling of plastic and other reusable materials, production of handmade domestic products, toys, pottery, fast food items and other products. These act as essential lifeblood of many members in the slum community. In general, most slum residents work in the informal sector as daily wage labourers, domestic workers, or street vendors. Since most of these livelihood activities are unstable, most slum dwellers live under a precarious, day-to-day financial reality.

Substandard status of housing and basic infrastructure: A common characteristic is that houses are densely packed and constructed using scrap materials, used corrugated tin, bamboo, and plastic sheets. These structures become sweltering in the summer and are highly vulnerable to fire and seasonal flooding. The slum settlements frequently lack direct connections to the city corporation water supply grid. Residents rely on shared, often contaminated water sources and communal sanitation blocks, which can serve up to 25 or more people per unit, significantly increasing the risk of waterborne diseases. Informal governance prevails in the slums in the absence of formal city corporation management. Informal syndicates or 'slum lords', mostly linked with the political party in power, control the space and utility access, exacting high rent and bribes for electricity, water and basic services.

Community bonding and strong social fabric: Despite the adversities, tight-knit communities are formed in the slums. Neighbours share survival networks, child-rearing responsibilities, and communal spaces, fostering an emotionally supportive, though materially disadvantaged, environment. Daily life requires communal cooperation, such as women queuing in long lines before dawn to collect water, and children socialising or working instead of attending schools. Women and children's vulnerability is a common feature in the slums. Women in slums are particularly vulnerable. They disproportionately bear the burden of poor healthcare access, domestic instability, and informal safety risks, frequently putting off their own health needs until they interfere with work.

Health and environmental hazards: Overcrowding and inadequate waste management contribute to constant outbreaks of diseases like diarrhea, measles and dengue. Services and medicine in the health clinics are scarce, forcing the slum residents to rely heavily on

informal healers or overpriced, unregulated pharmacies. Unplanned slum construction means narrow, maze-like alleyways where even emergency vehicles (like fire trucks or ambulances) struggle to navigate, further escalating the severity of everyday accidents.

- **Urban upgrading vis-à-vis displacement:** Slum dwellers constantly face the threat of eviction by city corporations seeking to clear khas and illegally occupied lands, frequently leading to dispossession and loss of livelihood. On the other hand, a more realistic view is to implement planned rehabilitation, microfinance housing loans, and local tenure security. These efforts are required to transform slums into sustainable neighbourhoods rather than simply razing them.

4.1 Empirics of Slum Poverty Dynamics in Dhaka City: Several Key Features

The empirical evidence collected from the survey conducted under the present Poverty Watch Report reveals that the slum dwellers in Dhaka city live in conditions of severe multidimensional poverty. Their hardship is further characterised by deep vulnerabilities in income, housing, health, education and other basic features of human lives.

Table 4.1 shows some basic characteristics of slum dwellers in Dhaka city. The profile of household heads shows that about 21 per cent are females compared with 12.6 per cent according to the 2022 Household Income and Expenditure Survey of BBS. In general, these female headed households are often more vulnerable, facing unique challenges such as economic instability and higher rates of poverty. The average age of household heads is about 42 years indicating a generation which belongs to peak earning years with high financial responsibilities. These households are often required to balance the 'sandwich generation' dynamic—simultaneously supporting dependent children and aging parents—while aggressively maximising savings for homeownership and old ages.

In the case of main occupation, nearly 60 per cent of the household heads are self-employed while 21 per cent are daily wage earners. Their education level is also low – 47 per cent are illiterates while another 41 per cent have education up to primary level. Nearly 84 per cent of the household heads are currently married. The average household size is 3.8; and a widely used practice by these households is to leave the older siblings with their grandparents back in their villages. Almost all households have access to electricity although the supply is irregular. Nearly 54 percent have access to sanitary toilet on a shared basis.

Table 4.1: Selected characteristics of slum households in Dhaka City

Characteristics/Category of slum	Large	Medium	Small	All
Profile of household head				
Female headed households, %	20.0	20.0	23.3	21.0
Average age, years	40.3	41.9	43.4	41.9
Main occupation,%				
• Wage earner	13.3	21.1	28.3	21.0
• Self-employed	66.7	64.4	45.0	59.5
• Petty service	16.7	3.3	15.0	10.5
• Others	3.3	11.1	11.7	9.1
Education level, %				
• Primary	48.3	28.9	50.0	40.5
• Secondary	8.3	5.6	3.3	5.7
• Higher Secondary	…	1.1	…	0.5
• Illiterate	43.3	63.3	25.0	46.7
• Others	…	1.1	21.7	6.7

Characteristics/Category of slum	Large	Medium	Small	All
Profile of household head				
Marital status, % • Married • Unmarried • Divorce • Widow/Widower • Separated	 90.0 1.7 … 6.7 1.7	 83.3 1.1 4.4 7.8 3.3	 78.3 3.3 1.7 10.0 6.7	 83.8 1.9 2.4 8.1 3.8
Household characteristics				
Household size, number	4.0	3.9	3.6	3.8
Access to electricity, %	100.0	98.9	100.0	99.5
Access to sanitary latrine, %	83.3	58.9	16.7	53.8
Household having multiple earners, %	50.0	62.2	68.3	60.5
Average number of earning members	1.6	1.8	1.7	1.7
Ratio of earning member to household size	0.43	0.48	0.52	0.48
Average monthly income earned per household, thousand Tk.	19.3	17.4	13.9	16.9
Average monthly expenditure, thousand Tk.	14.5	14.9	10.8	13.6
Average monthly food expenditure, thousand Tk.	9.9	8.6	6.9	8.5
Average monthly nonfood expenditure, thousand Tk.	4.6	6.3	3.9	5.1
Average value of owned assets, thousand Tk.	344.6	165.8	66.0	188.3

Note: … indicates zero. Sample slums have been divided into three categories in terms of number of households living in the slums. Large slums have households above 1,000 (Korail and Hazaribagh/Lalbagh). Medium ones have households between 301 and 1,000 (Duaripara, Kawran Bazar and Agargaon) and small slums have households below 300 (City Polli and Purbo Jurain, Boroitola). The classification is consistent with BBS slum census. Total number of sample households is 210 with 60 from large slums, 90 from medium slums and 60 from small slums.

Source: InM-CIDD PWR Survey 2025

Nearly 61 per cent of the slum households have multiple earning members and the average number of earning member per household is 1.7. The average monthly income earned per household is Tk. 16,900 which varies from Tk. 19,300 in large slums to Tk. 13,900 in small slums. On the other hand, the average monthly expenditure per household is Tk. 13,600; which is Tk. 14,500 in large slums and Tk. 10,800 in small slums. The average monthly food and nonfood expenditure per household is Tk. 8,500 and Tk. 5,100 respectively. It may be mentioned that the difference between monthly income and expenditure is not savings per se since a large part of this surplus is transmitted to their village homes for supporting their parents and the elder siblings. The average household asset value is estimated at Tk. 188,300 varying between Tk. 344,600 for households in large slums and Tk. 66,000 in small slums. Overall, it appears that there exists significant disparity in terms of all indicators of wellbeing between households living in large slums and those residing in small slums.

Housing structure, tenure, infrastructure and utilities

The housing structure of slum dwellers in Dhaka city is predominantly informal, densely packed, and highly precarious. Driven by high rural-to-urban migration and a severe affordable housing crisis, the morphological layout features distinct structural, spatial, and infrastructural characteristics. The construction of slum houses mostly relies on cheap, low-quality, and temporary materials. As can be

seen in Table 4.2, the two primary structures include: katcha structures which are built using mud, bamboo, straw, and polythene. The walls are usually made of bamboo mats or scrap plywood, and the roofs are made of low-grade Corrugated Iron (CI) sheets. The semi-pucca structures are built on private land by informal landlords. These feature largely brick walls and tin roofs.

Table 4.2: Housing status of slum dwellers in Dhaka city

Housing characteristics/Category of slum	Large	Medium	Small	All
Wall material, %				
Katcha (bamboo, hay, mud, polythene etc.)	31.7	23.3	51.7	33.8
Semi pucca (brick, wood, tin)	51.7	76.7	48.3	61.4
Pucca (brick, cement)	16.7	…	…	4.8
Roof material, %				
Kutcha (bamboo, hay, polythene, etc.)	13.3	21.1	51.7	27.6
Semi pucca (brick, wood, tin)	83.3	78.9	48.3	71.4
Pucca (Brick, cement)	3.3	…	…	1.0
Floor material, %				
Kutcha (Mud, hay, polythene etc.)	3.3	22.2	45.0	23.3
Semi pucca (Brick, wood, etc.)	8.3	33.3	15.0	21.0
Pucca (Brick, cement)	88.3	44.4	40.0	55.7

Note: … indicates zero. Sample slums have been divided into three categories in terms of number of households living in the slums. Large slums have households above 1,000 (Korail and Hazaribagh/Lalbagh). Medium ones have households between 301 and 1,000 (Duaripara, Kawran Bazar and Agargaon) and small slums have households below 300 (City Polli and Purbo Jurain, Boroitola). The classification is consistent with BBS slum census. Total number of sample households is 210 with 60 from large slums, 90 from medium slums and 60 from small slums.

Source: InM-CIDD PWR Survey 2025

Another important feature of slum housing is spatial layout and density. It is seen that more than 80 per cent of the slum households live in a single room. The average size of the housing unit is strikingly small, typically ranging from 60 to 120 square feet. It is common for an entire family (averaging 4 members in this survey) to live in this single space, resulting in severe overcrowding. The population density in the slums is extremely high. While the average city density is 121 persons per acre in Dhaka, slum areas are extremely dense where density is nearly 900 persons per acre.

In contrast to the popular belief, very few slum dwellers are squatters. Most of the slum dwellers are renters. Slum housing is controlled by informal landlords, local musclemen (mastaans), and politically connected individuals. The survey reveals that the slum dwellers pay 25 per cent to 40 per cent of their total household income on rent depending on the location and other slum characteristics which — on a per-square-foot basis — is disproportionately higher than the rates paid by, say, the middle-income households.

In the case of infrastructure and utilities, although Table 4.1 shows high access to basic services and utilities, most dwellings share drinking water sources and latrines. In many cases, a single latrine is shared by 5 to 6 families. While electricity is often illegally or informally connected, clean cooking gas is largely unavailable. The slum dwellers rely on kerosene, wood, or shared community gas burners. The environmental hazards are regular features for these slum dwellers since they are heavily concentrated in low-lying areas, along railway tracks, or beside canals, lakes and embankments. Their housing units are highly vulnerable to seasonal flooding, water-logging, and devastating fire outbreaks.

4.2 Multidimensional Poverty Index of Slum Dwellers in Dhaka City

The multidimensional poverty index (MPI) and income/expenditure poverty measure (e.g. FGT index) are two distinct ways to evaluate poverty. While income/expenditure measures focus strictly on a lack

of minimum purchasing power as measured by the poverty line, the MPI takes a broader approach by looking at the day-to-day deprivations that prevent people from living a decent life, such as poor health, limited education, and inadequate living standards. Essentially, income/expenditure poverty defines poverty entirely through financial resources. It measures whether a person or household has enough income or consumption to meet their basic needs. On the other hand, the MPI, developed by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI), measures poverty as a combination of multiple, overlapping hardships. In practice, the MPI evaluates poverty across three equally weighted categories: health, education and standard of living. A household is considered 'multidimensionally poor' if the household members are deprived in 1/3 or more of the weighted indicators. The total index value is calculated by multiplying the proportion of poor people by the intensity of their deprivations. No doubt, MPI provides a holistic view of well-being, reveals exactly where people are suffering, and helps the government and policymakers to design highly targeted public policies. In view of the advantages of MPI, the Report analyses poverty of slum dwellers in Dhaka city in terms of the MPI.

4.2.1 MPI Dimensions, Indicators and Cutoffs

The adopted multidimensional poverty framework groups indicators into three dimensions—Living Standards, Education, and Health—to capture different aspects of slum household deprivation. Each indicator measures whether a slum household lacks a basic necessity or service, and households are considered deprived when they fall below the specified cut-offs.

Living Standards

The Living Standards dimension consists of seven indicators that assess the quality of a slum household's physical living conditions and access to basic services. The electricity indicator identifies households that do not have access to electricity, limiting their ability to meet daily needs and access information. The sanitation indicator considers a slum household deprived if it lacks a sanitary latrine, reflecting inadequate sanitation facilities and increased health risks. The drinking water indicator measures access to safe drinking water sources; slum households without safe water are considered deprived because unsafe water can lead to waterborne diseases.

The housing indicator evaluates the quality of the slum dwelling structure. A household is deprived if its floor, roof, or walls are made of non-improved materials, indicating poor shelter conditions. The toilet sharing indicator identifies households that share toilet facilities with other households, which may compromise privacy, hygiene, and sanitation standards. The assets indicator measures ownership of essential household assets; a slum household is deprived if it does not own at least two of the following: a television, a mobile phone, or a refrigerator. Finally, the surrounding environment indicator assesses the cleanliness and healthiness of the area around the slum dwelling. Households living in dirty or unhealthy environments are considered deprived because such conditions can negatively affect health and well-being. Each of these seven indicators carries a weight of 1/21.

Education

The Education dimension contains two indicators that capture educational participation and attainment within the slum households. The schooling attendance indicator identifies households where at least one child aged 6–17 years is not attending school. Such households are considered deprived because children are being denied educational opportunities that are essential for future development. The years of schooling indicator measures the educational attainment of household members. A slum household is deprived if no member aged 16 years or older has completed at least six years of schooling, reflecting a lack of basic educational achievement within the household. Each education indicator is assigned a weight of 1/6.

Health

The Health dimension includes two indicators related to nutrition and healthcare access. The protein

intake indicator assesses the nutritional status of slum household members. A household is considered deprived if its members do not consume protein-rich foods at least four days per week, suggesting inadequate dietary quality and potential nutritional deficiencies. The access to healthcare facilities indicator evaluates whether household members receive healthcare services from certified doctors or recognised hospitals. Slum households that do not have access to professional healthcare providers are considered deprived because they may be unable to obtain appropriate medical treatment when needed. Each health indicator carries a weight of 1/6.

Together, these eleven indicators provide a comprehensive measure of multidimensional poverty by examining not only income-related aspects but also deprivations in living conditions, education, nutrition, and healthcare access of the slum dwellers in Dhaka city (Table 4.3).

Table 4.3: Dimensions, Indicators, Deprivation Cut-offs, and Weights of MPI for Slums Dwellers in Dhaka City

Dimension	PWR Indicators	Deprivation Cut-offs	Weight
Living standards	Electricity	Deprived if it has no electricity	1/21
	Sanitation	Deprived if it has no sanitary latrine.	1/21
	Drinking water	Deprived if it has no safe drinking water source.	1/21
	Housing	Deprived if it has any of these: a non-improved floor, roof, or walls.[1]	1/21
	Toilet sharing	Deprived if household share toilet.	1/21
	Assets	Deprived if it does not own at least two of the following assets: TV, mobile phone, refrigerator.	1/21
	Surrounding environment	Deprived if surrounding environment of house is dirty/ unhealthy.	1/21
Education	Schooling attendance	Deprived if there is at least one member of the household aged 6 to 17 years who is not attending school.	1/6
	Year of schooling	Deprived if no household member aged 16 years or above has completed six years of schooling.	1/6
Health	Protein intake	Deprived if household members do not intake protein at least 4 days in a week.	1/6
	Access to healthcare facilities	Deprived if household does not receive healthcare facilities from certified doctor or hospital.	1/6

Source: InM-CIDD PWR Survey 2025

1. Dimension weights

There are total 3 dimensions. Each dimension receives an equal weight of 1/3 = 0.333

Dimensions	Dimensions	No. of Indicators	Weight
Living standard	1	7	1/3 or 0.333
Education	2	2	1/3 or 0.333
Health	3	2	1/3 or 0.333

2. Indicator weights

Indicator weight = Dimension weight ÷ Number of indicators in that dimension

Dimensions	No. of Indicators	Weight
1	7	1/21 or 0.0476
2	2	1/6 or 0.1667
3	2	1/6 or 0.1667

3. Compute Deprivation Score (C)

For a household: C = ∑(Indicator Weight × Deprivation Status)

Where,

- Deprived = 1
- Not deprived = 0

4. Calculation of MPI (for the slum population of Dhaka city)

Once all households are assessed: MPI=H×A

where:

- H = Headcount ratio (proportion of slum people who are multidimensionally poor)
- A = Average deprivation score among the poor in the slum

4.2.2 Multidimensional Poverty among Slum Dwellers in Dhaka City

Table 4.4 shows the multidimensional poverty index (MPI), poverty headcount ratio (H), and intensity of deprivation (A) across different slum sizes (large, medium, and small) in Dhaka city. The results reveal substantial variations in multidimensional poverty according to slum sizes, with poverty being more severe in smaller slums.

The findings indicate that small slums experience the highest level of multidimensional poverty, with an MPI value of 0.61, followed by medium-sized slums (0.54) and large slums (0.38). Since the MPI combines both the incidence and intensity of poverty, the higher MPI in smaller slums suggests that residents not only face poverty more frequently but also suffer from multiple and overlapping deprivations.

The headcount ratio (H) supports the above pattern. Approximately 95 per cent of households in small slums are identified as multidimensionally poor, compared with 94.4 per cent in medium slums and 75 per cent in large slums. This indicates that multidimensional poverty is nearly universal in small and medium-sized slums, whereas it is relatively lower, though still a substantial proportion of households in large slums experience multidimensional poverty.

Differences are also evident in the intensity of deprivation (A), which measures the average share of deprivations experienced by poor slum households. Poor households in small slums are deprived in 64 per cent of the weighted indicators on average, compared with 57 per cent in medium slums and 51 per cent in large slums. This finding suggests that poor households in smaller slums face a greater concentration of disadvantages across living standards, education, and health dimensions.

Overall, the results demonstrate a clear inverse relationship between slum size and multidimensional poverty. As slum size decreases, both the prevalence and severity of poverty increase. The overall MPI for all slum households in Dhaka city is 0.51, with 89 per cent of households classified as

multidimensionally poor, experiencing an average deprivation intensity of 58 per cent. These findings imply that smaller slums may have more limited access to infrastructure, public services, healthcare, education, and livelihood opportunities than larger ones. Consequently, poverty reduction policies need to prioritise small and medium-sized slums, where multidimensional deprivation is most widespread, acute and severe.

Table 4.4: MPI among Slum Dwellers in Dhaka City

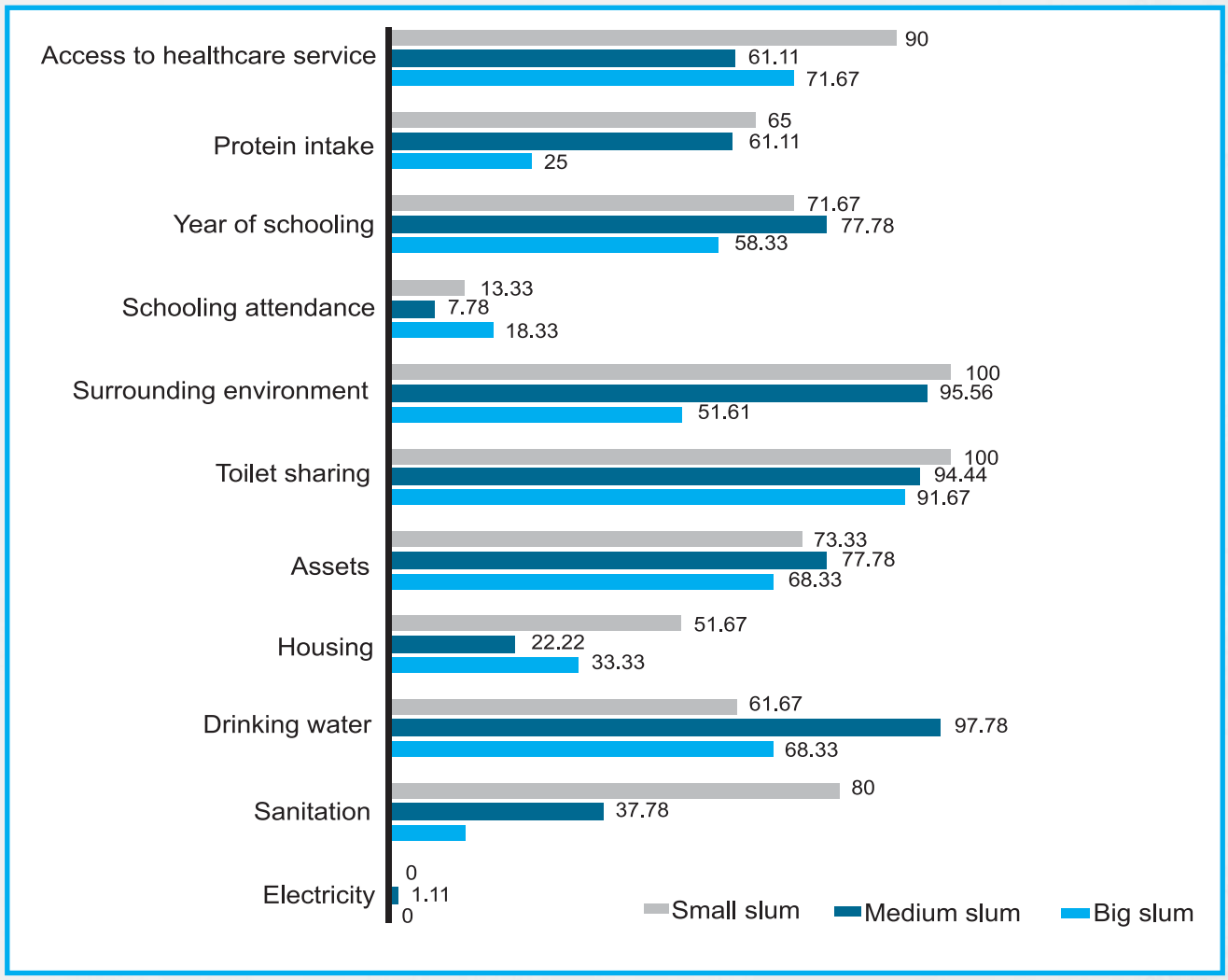
Slum size	MPI	H (%)	A (%)
Large	0.38	75.00	51.05
Medium	0.54	94.44	56.69
Small	0.61	95.00	64.04
Total	0.51	89.04	57.58

Source: InM-CIDD PWR Survey 2025

Household deprivation by indicators and slum sizes

Figure 4.1 presents the percentage of households deprived in each multidimensional poverty indicator across large, medium, and small slums in Dhaka city. The results reveal considerable disparities in deprivation levels among slum sizes, particularly in living standards, health, and educational outcomes.

Figure 4.1: Percentage of slum households deprived in each multidimensional poverty indicator in Dhaka city



Source: InM-CIDD PWR Survey 2025

Living standards deprivation

Among the living standards indicators, deprivation in electricity access is negligible across all slum sizes, affecting only 0.48 per cent of households overall. This suggests that electricity has become widely accessible even within the slum settlements. In contrast, deprivation in toilet sharing is extremely high, affecting more than 95 per cent of slum households overall and reaching 100 per cent in small slums. This indicates that access to private sanitation facilities remains a major challenge in slum communities of Dhaka city.

Access to safe drinking water also represents a significant concern, with 79 per cent of slum households deprived overall. The highest deprivation is observed in medium-sized slums (97.8 per cent), followed by large slums (68.3 per cent) and small slums (61.7 per cent). Similarly, deprivation in sanitation facilities affects nearly 43 per cent of slum households overall, with small slums experiencing the most severe conditions (80 per cent). These findings suggest that water and sanitation services remain inadequate, particularly severe in smaller slum settlements.

The housing quality indicator shows that 34 per cent of slum households live in dwellings with non-improved construction materials. Housing deprivation is highest in small slums (51.7 per cent), indicating poorer structural conditions compared with medium (22.2 per cent) and large slums (33.3 per cent). Deprivation in asset ownership is consistently high across all slum sizes, affecting nearly three-quarters of households (74 per cent), reflecting widespread economic vulnerability and limited household wealth accumulation.

Another critical indicator is the surrounding environment, where 84 per cent of slum households experience unhealthy or unsanitary environmental conditions. Environmental deprivation is nearly universal in small slums and very high in medium slums (95.6 per cent), suggesting severe deficiencies in waste management, drainage systems, and neighbourhood cleanliness.

Educational deprivation

Educational deprivation presents a mixed picture in the slums of Dhaka city. The lowest deprivation rate among all indicators is observed for school attendance, where only 12.4 per cent of slum households have at least one school-aged child not attending school. This suggests relatively high participation in primary and secondary education among slum households.

However, deprivation in years of schooling remains substantial. Overall, 71 per cent of slum households lack an adult member who has completed at least six years of schooling. Medium-sized slums exhibit the highest deprivation (77.8 per cent), followed by small slums (71.7 per cent) and large slums (58.3 per cent). These findings indicate that while current school attendance is relatively satisfactory, educational attainment among adults remains low, reflecting historical disadvantages and limited educational opportunities.

Health deprivation

Health-related indicators reveal significant deprivation among the slum households of Dhaka city. More than half of all households (52 per cent) are deprived in protein intake, suggesting inadequate dietary quality and nutritional insecurity. Nutritional deprivation is particularly severe in small (65 per cent) and medium (61.1 per cent) slums, compared with large slums (25 per cent).

Access to healthcare also remains a major challenge. Overall, more than 72 per cent of slum households are deprived in access to healthcare services, meaning they usually do not receive treatment from certified doctors or hospitals. The highest deprivation is found in small slums (90 per cent), followed by large slums (71.7 per cent) and medium slums (61.1 per cent). This highlights substantial barriers to formal healthcare utilisation among slum residents in Dhaka city.

Overall pattern of deprivation

The findings demonstrate that deprivation is concentrated primarily in living standards and health

dimensions rather than school attendance. Small slums consistently exhibit the highest deprivation rates in sanitation, housing quality, toilet sharing, environmental conditions, protein intake, and healthcare access, indicating that they are the most disadvantaged settlements. Medium-sized slums show particularly severe deprivation in drinking water access and educational attainment, while large slums generally perform better across most indicators. Nevertheless, high levels of deprivation in asset ownership, healthcare access, environmental conditions, and sanitation are evident across all slum categories.

Overall, the results suggest that multidimensional poverty in slums of Dhaka city is driven largely by inadequate living conditions, poor environmental quality, limited healthcare access, and low educational attainment among adults. The concentration of deprivation in small and medium-sized slums highlights the need for targeted interventions focusing on water and sanitation infrastructure, housing improvement, environmental management, nutrition, and healthcare accessibility (Table 4.5).

Table 4.5: Percentage of slum households by nature of deprivation in Dhaka city

Indicator	% of households deprived			
	Size of slum			
	Large	Medium	Small	Total
Electricity	0	1.11	0	0.48
Sanitation	13.33	37.78	80.00	42.86
Drinking water	68.33	97.78	61.67	79.05
Housing	33.33	22.22	51.67	33.81
Assets	68.33	77.78	73.33	73.81
Toilet sharing	91.67	94.44	100	95.24
Surrounding environment	51.67	95.56	100	84.29
Schooling attendance	18.33	7.78	13.33	12.38
Year of schooling	58.33	77.78	71.67	70.48
Protein intake	25	61.11	65.00	51.90
Access to healthcare service	71.67	61.11	90.00	72.38

Source: InM-CIDD PWR Survey 2025

The present study indicates that around 89 per cent of the slum dwellers in Dhaka city face the dire challenge of moving out of multidimensional headcount poverty that they face in their daily lives. The multifaceted nature of their poverty is the outcome of socioeconomic, political, environmental, and climate change-induced factors affecting different dimensions of poverty. It is seen that low educational attainment of adults, structural vulnerability, access to health and nutrition services, use of shared toilets and the household head's education level have significant impact on MPI. Overall, the findings indicate that community-specific approaches in the urban slums of Dhaka city are not adequate; the environmental and climate change factors that increase the vulnerability of the slum communities to external shocks should not be overlooked.



5

Policy Implications and Conclusions

"Adopting urban slum improvement policies in Bangladesh is critical for managing rapid urbanisation, reducing poverty, and achieving Sustainable Development Goal 11. By focusing on in-situ upgrading-improving existing informal settlements rather than relocating residents-these policies enhance the physical, social, and economic conditions of marginalised populations while reducing disease, improving safety, and fostering social inclusion."

As of 2025, around 42 per cent of Bangladesh's population lives in urban areas, reflecting a rapid rate of urbanisation from just 5 per cent in 1960. While major cities like Dhaka and Chattogram dominate this growth, the urban population is expected to reach 50 per cent by 2030, presenting deep challenges for infrastructure and housing. This may be taken as one of the greatest transformations of the country for the 21st century. In a country like Bangladesh, urbanisation certainly brings new and better opportunities. As a matter of fact, no country in the world has ever achieved the middle-income country status without urbanising. But to make the most of this phenomenon, new infrastructure – housing, transportation, hospitals, schools, public spaces and other essential urban facilities – needs to be put in place. Without adequate services to match the demand, rapid increase of urban populations poses new challenges, not least in terms of poor housing, insecure tenure, and inequalities in access to utilities.

The 2022 Population and Housing Census indicates that approximately 1.8 million people live in urban slums in Bangladesh. While other higher estimates do exist (for example, some reports citing different criteria indicate over 4.4 million slum residents in 2022 in Dhaka city alone), the official census data indicates a concentrated, mostly urban population residing in 507,486 slum households, with a high concentration in Dhaka city.

The Sustainable Development Goals (SDGs) acknowledge the urgency of the urbanisation challenge, most clearly reflected in the inclusion of an urban-specific goal. Goal 11 aims to 'make cities and human settlements inclusive, safe, resilient, and sustainable', with its first target seeking to 'ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums' (UN, 2015). This means that historical trends on slum growth will have to be reversed in Bangladesh to achieve the SDG target on access to adequate housing and services. This needs evidence on what works in improving the living conditions in slum settlements.

Along with a brief review of the existing literature, the focus of this Report is to gather the perspectives of the slum dwellers on what works in improving the physical living conditions in slum settlements based on a purposively selected sample of slum dwellers in Dhaka city. In particular, the focus is on 'integrated' slum-upgrading programmes as these can tackle a number of issues at the same time, from land titling and housing, to urban services and community development.

At this point, it may be useful to emphasise that the success of any such effort is closely linked with democratic governance since only a democratically elected government can help to change attitudes towards the slum dwellers and increase support for slum upgrading from national and local governments which can then be perceived as a routine government activity. In addition, democratic governance can enhance the role of local governments and strengthen their revenue base. Moreover, elected local governments can be more receptive to slum upgrading and can set good examples of what a strong local government, working together with slum communities, can achieve.

5.1 Expansion of Slum Settlements in Dhaka City

In Dhaka city, slums have generally emerged as a result of a combination of rapid urban population growth, lack of affordable housing for poor rural-to-urban migrants, lack of good governance and other related factors. In addition, the pace of urbanisation of Dhaka city has outstripped the government's capacity to provide the framework for affordable housing (e.g. land, infrastructure, access to utilities, etc.) for the increasing urban population. Further, urban growth has often occurred in the peri-urban areas, which sometimes lie beyond administrative boundaries and are neglected by both urban and rural administrators. Often the relevant authorities are also unwilling to act as they believe that providing essential services and better living conditions to the slum dwellers will attract more poor people and cause the slums to grow further. As such, slums in Dhaka city actually grow under worsening conditions as they remain unserviced for long periods of time.

As a result, statistics on slum settlements are difficult to produce as, by their very nature, they go unrecognised and unrecorded. Various estimates put the share of Dhaka's population living in slums and informal settlements at 30 to 40 per cent, with estimates placing the slum population at around 3 to 4 million people. Moreover, although the share of slum dwellers may be rising rather slowly; in absolute terms, the number of slum dwellers has been increasing rapidly in Dhaka city. As urbanisation is putting increasing pressure on access to housing and basic utilities, an unacceptably high number of slum dwellers continue to live in very precarious conditions. There is no doubt that improving the living conditions in slum areas of Dhaka city is a key challenge that the government will have to face at least over the next two to three decades.

Box 4: Limitations of slum statistics

UN-Habitat is the only source of internationally comparable data on slums, but some experts highlight its limitations (Mitlin and Satterthwaite, 2013). UN-Habitat's definition of a slum often differs from that used by the governments; therefore, estimates and trends are not comparable and can present conflicting information. Further, while the data provides a summary measure of the number and proportion of people living in slums, disaggregated information for each of the elements that UN-Habitat consider as making up a slum (i.e. lack of access to water and sanitation, insufficient living space, precarious housing using non-durable materials, and insecure tenure) is not readily available. Further, as census data (the main source of data disaggregated for small geographies) is often sparse, in many cases these estimates have to rely on survey data.

Surveys are often not granular enough to provide information on slums and informal settlements. Additionally, they sometimes under-represent populations living in slum areas due to difficulties in identifying and interviewing them (Carr-Hill, 2013). Even census data can also sometimes under-report those living in slums or informal settlements.

Furthermore, tenure security – a prime concern for residents of slums and informal settlements – is presently not included in most measurements due to data limitations. Finally, existing data on slums gets out of date quickly, as the population of urban slums and informal settlements can change rapidly due to internal and circular migration.

Sources: Carr-Hill (2013); and Lucci and Bhatkal (2014).

5.2 Implications from Empirics of Slum Poverty Dynamics in Dhaka City

In fact, the empirics of slum poverty dynamics in Dhaka city from the survey conducted under the present Report illustrates a constant struggle between two opposing forces: for the vast majority of the slum dwellers, slums act as a state of stagnation (working as 'poverty traps'); while for a very few fortunate ones the dynamics can emerge as gateways to upward mobility (acting as 'springboards to prosperity').

The slum dwellers for whom 'poverty trap' is the reality, may experience some improvements in quality of housing and basic amenities over time, but their real intergenerational income mobility remains critically low. Systemic hurdles trap these households in multi-dimensional cycles of deprivation forcing them to remain perpetually poor. On the other hand, for the few slum dwellers who can successfully utilise their present circumstances as gateways to upward mobility, living in Dhaka city inherently drive their economic betterment and agglomeration. For many of these rural-to-urban migrants, slums offer affordable entry, proximity to informal labour markets, and a survival strategy that initially raises baseline living standards compared with rural destitution. In fact, these highlight the reality that slum poverty is not solely a phenomenon of income poverty as measured by traditional unidimensional measure of poverty. In fact, the empirics of slum poverty highlight basic non-monetary deprivations as well.

In Dhaka city, the low levels of parental education of slum dwellers and high dropout rates of their

children from schools at early ages act as strong forces to perpetuate intergenerational poverty. This makes education and human capital development as important springboards to avail the opportunities for upward mobility. Similarly, unsafe drinking water, shared latrines, and overcrowding act as chronic vectors for diseases for the slum dwellers. Without legal property rights, the slum dwellers constantly face the persistent threat of forced evictions and are disincentivised to invest in their own housing. This makes security of tenure an important issue for betterment of slum living. Another important concern is spatial and climate vulnerabilities. The present analysis demonstrates that spatial exclusion exacerbates slum poverty dynamics in Dhaka city. The slums in the city are mostly marginalised to ecologically risky peripheries (e.g., low lying areas subject to intermittent floods and water logging, steep slopes across lakes and rivers, and rail tracks). Further, economic shocks resulting from events like flooding, waterlogging, inflation and frequent price fluctuations of essentials or macroeconomic crises lead to losses of whatever meagre savings or household assets that these slum dwellers have as well as negatively affecting their earnings. Due to lack of resilience, their inability to absorb these spatial and climate shocks is a primary factor that pushes these vulnerable slum dwellers into deeper poverty. As such, integrating slums and informal settlements into broader macro-urban planning is essential to break these cycles. The need is to adopt comprehensive slum upgrading programmes rather than outright eviction. Targeted investments in health and sanitation infrastructure, upgrading security of tenure to empower the slum dwellers economically are important as well.

5.3 Slum Evictions: A Realistic Option?

As the Report highlights, eviction is a constant threat for urban slum dwellers in Dhaka city that disrupts and often destroys their precarious livelihood for survival. Although no firm estimates are available, anecdotal evidence indicates that a large number of slum dwellers were displaced and made homeless through slum eviction in Dhaka city during the last decades. Usually during eviction, the living spaces of the slum dwellers including houses, latrines, and systems of water supply, gas and electricity, drainage and sewerage facilities are destroyed. In addition, productive assets and household belongings are also lost in the process. Existing and future opportunities for income generation are hampered, as are many of the socio-political networks and support structures on which slum households rely upon as sources of daily survival and livelihoods. After eviction, the affected slum dwellers become constrained to go to work until they could settle down elsewhere, many face earning losses and subsist on either past savings and/or increase their indebtedness by taking out more loans from informal sources. In particular, extremely poor slum households are left in more desperate positions following the eviction because of having fewer resources to protect and thus fall back upon. More importantly, the struggle of the evicted slum dwellers for survival continues endlessly.

Moreover, insecurity continues even after moving to a new slum as livelihood is made more complex by changes in the ownership and leadership dynamics of the new slum. Extremely poor slum dwellers thus live with a constant threat of eviction, along with coping with material and psychological stress. In the ultimate analysis, eviction serves as a permanent setback for the affected slum dwellers – losing whatever gains, even though very small, they have been able to make in terms of income, household assets, health, hygiene and nutrition, education of children and overall livelihoods. Thus eviction remains a continuing threat to pursuing the sustainability of the overall efforts to improve livelihoods and wellbeing of these slum dwellers. In particular, unplanned and unorganised eviction makes the slum dwellers more vulnerable and creates greater uncertainty for them. In the specific case when eviction of a particular slum is unavoidable, efforts will be needed to minimise the sufferings of the slum dwellers through negotiations with the slum dwellers and offering them resettlement schemes and adequate compensation packages to restart their livelihood efforts. Thus if any eviction is inevitable, it needs to be well planned along with concrete rehabilitation and compensation options for the slum dwellers. Immediate supports will also be needed to the evictees during the transition process. In fact, the ruling of the country's High Court that 'rehabilitation has to be ensured before any eviction' needs to be fully realised and all responsibilities of the related agencies fulfilled in case of unavoidable evictions.

5.4 Policy Implications

Over the recent decades, policies for urban slums across most developing countries in Asia are shifting from slum eradication to in-situ upgrading, focusing on enhancing community resilience, improving water supply/sanitation/drainage/other basic facilities, and strengthening secure land tenure. In this context, effective strategies include participatory planning involving slum residents, leveraging community savings for infrastructure development, and enhancing governance to create more inclusive and resilient cities. In the case of slums in Dhaka city, a similar approach that is restructured in the context of local realities is probably the best option for a sustainable solution to the complex issues of the slum dwellers.

Within the above framework, several key policies and strategic approaches may be spelled out for Dhaka city:

- **In-situ upgrading over relocation:** Instead of clearing slums, policies are needed that emphasise improving existing slum settlements (e.g., roads, water supply, sanitation, waste management, clean and green environment, electricity supply etc.) to prevent social disruption and manage infrastructure backlogs. In the case of Dhaka city, the focus has to be on addressing the huge number of slum dwellers through city-level market diagnostics and large-scale upgrading programmes.
- **Community-driven development:** All relevant strategies need to place slum dwellers at the centre of the entire process, using community organisations to manage initiatives and fostering local empowerment.
- **Adoption of integrated land use involving a formalisation process:** The process needs to recognise informal land rights in appropriate cases in order to convert them into legal tenure to foster investments in housing and basic facilities.
- **Financing options and partnership development:** Appropriate, innovative and workable inclusive financial models need to be developed keeping in view the ground realities including mobilisation of community savings and cooperatives, along with public-private partnerships (PPPs) to improve essential infrastructure. Within the community-driven development framework, slum dwellers may, for example, form cooperatives to manage slum redevelopment efforts.
- **Incorporating disaster risk reduction (DRR):** Given that many slums are located in high disaster risk areas of Dhaka city, strategies are needed to prioritise flood/disaster protection and introduce resilient infrastructure development.

In addition, ongoing rapid urbanisation brings into the forefront the challenge of managing high inflows of rural-to-urban migrants especially to Dhaka city which is the preferred migration destination of the overwhelming majority. Addressing the huge infrastructure backlogs and severe deficits in water, power, and waste management is also a major challenge in Dhaka city which is most prominent in the city's slums. Further, the governance capacity of DNCC and DSCC needs significant strengthening to manage slum development and social inclusion of the slum dwellers effectively.

5.5 Slum Upgradation

Drawing on the evidence from the previous sections, an outline of a series of insights on what works in slum upgradation can be designed. This needs to address several key issues:

* What role does community participation play?
* How can programmes ensure that they reach the poorest?
* What approaches to tenure are likely to work best?
* Are particular design features and institutional arrangements more effective?

Community participation

Community participation and working in partnership are perhaps the most important common features of successful programmes of slum upgradation. The need is to acknowledge the key role of slum communities in improving their own circumstances. Depending on ground realities, slum communities have to be involved in appropriate degrees in the planning and design stages of the programmes and often in implementation as well. This means that programmes are much more likely to be effective as they are tailored to addressing slum dwellers' top concerns. More fundamentally, participatory processes trigger deeper changes in community development, as marginalised slum communities become active participants in the policy-making process. More generally, the benefits of working in partnerships and cooperation between different actors – the government, relevant experts, civil society organisations and slum communities – help leverage the comparative advantage of each of these stakeholders. Building leadership within the slum community to maintain and manage new infrastructure is also recognised as an important aspect of slum upgrading programmes. Further, investing in good quality infrastructure can help to build community relations and capacity since badly constructed infrastructure can undermine the confidence of the community.

Reaching the poorest

Incorporating the needs of the poorest and reaching the poorest within the slum settlements is often hard. This has to be pursued in different ways depending on specific contexts. The choice of specific settlements to target may be based on urgency of the need and the design of the intervention may take into account the specific needs of the poorest and most disadvantaged slum groups. For example, although most sanitation interventions favour individual toilets, blocks may be constructed as community toilets so that these would benefit the entire community without the heaviest cost falling on the poorest. The design can also take into account the specific needs of women and children. The payment systems can also be designed to ensure that all could afford them (for example, by charging differentiated prices and introducing family cards).

Alternatively, if the financing model of the programme means that it is more difficult for the poorest to take part, the programme may include provisions for the poorest, such as construction of community housing for older and disabled people, rental houses or rooms for those who cannot afford upgrading, and building shelters for the homeless. This means that the poorest can live within their community even if they cannot afford to upgrade through loans.

Approaches to tenure

Recognising the importance of tenure to access utility services including pragmatic solutions are important considerations in slum upgradation. Proper recognition of the importance of tenure as a way of accessing utility services contributes significantly to the success of these programmes. Tenure security is also critical to the quality of housing; fear of eviction means households cannot invest in better quality structures. In slum upgradation, tenure security is one of the main pillars in the context of fear of evictions which is a major concern for slum dwellers in the city. For instance, a series of tenure options may be covered including long-term leaseholds. Crucially, support systems can strengthen slum communities' power in negotiating tenure or land-sharing options with landlords.

However, granting titles is not the only way of ensuring tenure security. The government can devise pragmatic solutions to overcome political difficulties or the slow and complex processes involved in providing slum households with land ownership. The slum dwellers can be provided with de facto use of the land, with the government spending resources on improving shared facilities. These efforts can guarantee tenure security, enabling access to utilities and incentivising investments in home improvements.

Flexibility in programme design and implementation

One of the features that contribute to success is the importance of giving slum households a range of upgrading options through flexibility in programme design, allowing communities to tailor interventions according to their needs. The key is to include a wide range of upgrading options to suit the needs of different communities. More often, such options emerge through an iterative process to improve the design, technology and construction approaches. Even when progress is slow, the concept and process need not be modified to obtain quick results. In particular, past lessons suggest that progress accelerates once pilots successfully demonstrate benefits and are scaled-up.

Scaling up interventions

For visible impacts, interventions need to go beyond a project in a specific slum settlement. They need to be conceived at least at city scale and/or trigger relevant spin-off programmes with a wider reach. In fact, programmes with a national reach and a highly decentralised operation can encourage horizontal linkages between communities from different settlements within cities. This helps to strengthen community networks, learn from others' experiences, and allow communities with common landowners to jointly negotiate for their tenure. Further, such slum upgrading efforts can have impacts beyond the city that implements them to create spin-off projects in other cities of the country.

Effective implementation agencies

The success of these programmes also depends on having a nodal agency with a clear mandate. When programme funding and execution go through just one agency, the process can become much simpler and can be an important factor to contribute to the programme's success. Similarly, enjoying a relatively independent administrative structure with easy access to the sources of power is also helpful. In addition, having mechanisms to coordinate the work of different agencies and actors along with strengthening intersectoral collaboration are important attributes. When the implementation agency enjoys relative autonomy, a decentralised structure facilitating collaboration between different actors and a clear mission, the success rate can be quite high.

Wider enabling factors

Of course there are other factors beyond programme design and the characteristics of the involved agencies that make the implementation of these programmes more effective. For example, there has to be a strong commitment from the DNCC and DSCC to these programmes. Similarly, the push for a social agenda can became even more salient. When the government in power puts emphasis on pro-poor populist politics, then slum upgradation and neighbourhood saving programmes can get priority. In many cases, politicians' decisions may also be influenced through continuous pressure from below. For example, slum networks can play a significant advocacy role on the rights of poor slum dwellers through demonstrations and campaigns for land reform, tenure security and wider civil rights issues. The availability of finance is another enabling factor. In many cases, financing may be available through loans from development partners or multilateral banks or a mix with own resources. In appropriate cases, the programmes could be financed by a combination of community funds and government loans. Sustained economic growth can lead to higher public revenues and greater fiscal space for public spending in such programmes. Some aspects of these programmes could be financed through grants, others through loans; while the availability of jobs, even if precarious, could allow low-income slum families to save through community funds and repay their loans.

5.6 Looking Ahead: Meeting Future Challenges of 'Slum Urbanisation' in Dhaka City

Urbanisation, one of the greatest transformations of the 21st century, is especially true for a country like Bangladesh. How the government deals with it will have economic, social and environmental consequences for decades to come. Increasing urbanisation brings with it several opportunities, not least in terms of access to labour market and better amenities. But it also puts increasing pressure on the provision of affordable housing and access to utilities. The number of people living in slums in Dhaka city, as well as in other cities, would no doubt multiply rapidly if this challenge is left unaddressed. These trends need to be reverted if the development target on access to adequate housing and services is to be met. It is in this context that this Report highlights what works well in improving the physical living conditions in slum settlements drawing on survey outcomes and review of programmes considered as good practices in similar cities.

As we reflect more widely about the increasing pressures on housing and access to services that Dhaka city will face, three key challenges emerge that are relevant for future policy.

Upgrading existing slums is necessary but not sufficient. Slum-upgrading interventions following effective principles discussed in this Report are much needed, but they will also have to go hand-in-hand with planning for urban expansion, provision of affordable housing, and access to utilities for the urban poor. In cities like Dhaka where a large majority of the people live in slums, it is 'city' rather than 'slum' upgrading that is required.

Stronger capacity, finance and urban governance are required if the challenges posed by 'slum urbanisation' are to be tackled effectively. Local governments (e.g. DNCC and DSCC) lack the power, capacity and resources required to plan for required urban expansion and improve conditions in existing slum settlements in Dhaka city. Dealing with the challenges of 'slum urbanisation' requires strong local authorities, technical expertise, financial resources, and coordination among different sectoral portfolios and levels of government. In addition, institutions at regional and national levels also need to have an aggregate picture of the current and estimated future housing and basic infrastructure needs in the fast-growing Dhaka city.

Developing a good evidence base of the existing needs of the slum dwellers and urban poor of Dhaka city and estimates of future need is crucial. Ultimately, better evidence is required to plan appropriately, assess affordable housing needs and project the amount of land required for expansion. This means reliable urban population estimates and assessments of density changes. There are still too many evidence gaps constraining good policy, and better evaluation is needed to learn from existing programmes of Dhaka city. Even well-known programmes regarded as examples of good practice can have poor baseline information, which makes it difficult to assess their impacts over time. The government will have to become increasingly aware of these shortcomings and turn its attention to the needs of the fast-growing Dhaka city. The hope is that more technical, human and financial resources will be channeled quickly enough to address the growing challenges, so that 'slum urbanisation' of Dhaka city can be managed effectively and the city can make the most of the opportunities on offer.

The growth of slums is not inherently inevitable in a city like Dhaka, but under existing models of rapid, unplanned urbanisation and market-driven housing, it has become a prevalent, and often perceived, feature of expansion of the city. The rising trend of populations living in slums of Dhaka city is more a result of policy failures and inequality than an unchangeable law of nature. As the present Report highlights, slum growth in Dhaka city is the outcome of several factors. Foremost among these is the fact that rapid urbanisation is increasingly outpacing infrastructure such that the city's population is

growing faster than the city corporations (DNCC and DSCC) can provide housing, essential services and infrastructure. There also exists housing affordability crisis. The formal housing market mostly caters to higher middle- and high-income earners, leaving lower-middle and low-income households with no choice but to build or live in informal, insecure, and substandard housing. The rural-to-urban migration is largely driven by the search by the poor for economic opportunity. Rural poor move to the city often settling in slums, which act as a vital, low-cost housing option for the informal low income work force that supports the city's economy. These migrants often occupy vulnerable, marginalised lands with high climate risks because these lands are the only ones that are available. Despite these challenges, slums are not inevitable in Dhaka city. Cities like Singapore and Hong Kong have shown that proactive, planned and inclusive urban planning can prevent widespread slum formation. For the purpose, shifting policy from clearance to upgrading is the key. Rather than trying to eradicate slums—which mostly fails—modern approach to slum management involves upgrading existing slums with infrastructure, legal tenure, and community participation. This requires inclusive planning and ensuring of land rights. Recognising the rights of slum residents and integrating them into formal planning can convert slums and informal settlements into legitimate neighbourhoods. Further, providing access to formal finance and affordable housing can significantly reduce the pressure that creates informal housing and slums. Ultimately, while the influx of people into Dhaka city is inevitable, the development of deplorable living conditions in the slums is a consideration of political, economic, and planning choices favouring inclusive development.

Obviously, Bangladesh will have to look for alternative policy options as the country seeks to improve the living conditions as well as reduce the populations living in slums especially in Dhaka city. Addressing the problem in a holistic manner requires a diagnosis of slum dwellers at the city level and a recognition that government interventions, rather than thwarting the operations of the existing slum market, need to make it operate better. This can substantially assist the low income slum households to attain reasonably acceptable living standards. Government programmes that seek to directly provide better housing to the slum dwellers would cost huge amounts which the government is unlikely to afford and is unlikely to resolve the problem given the scale of the slum dwellers in Dhaka city. As such, city level market diagnostics can be used to identify policy changes and design smaller assistance programmes that can reach the slum dwellers. In Dhaka city, the linkage between chronic infrastructure backlogs and inadequate policies makes housing unnecessarily expensive. Increasing the carrying capacity of the city is essential for reducing the burden of the slum dwellers in gaining access to better housing and related facilities when supported by innovative approaches for funding major investments to achieve the above outcomes.

In practical terms, slum upgrading programmes are needed to put slums on the ‘urban’ map and encourage the necessary policy changes, budget allocations and multi-stakeholder partnerships for the sustainable improvement of living conditions of slum dwellers. The aim would be to institutionalise partnerships and empower key urban actors to contribute to the overall living conditions of the slum dwellers.

Innovative urban slum development in Dhaka city will have to focus on in-situ (on-site) upgrading, participatory planning, and technology-driven solutions rather than forced relocation. Key strategies in this context include community-led mapping, collective land tenure, microfinance for housing, integrated infrastructure, and leveraging Geographic Information Systems (GIS) for data-driven decisions. These approaches would empower slum residents and ensure sustainable, dignified, and inclusive urban spaces. For the slums of Dhaka city, several innovative approaches may be conceived:

- **Community-led data and mapping:** The authorities in collaboration with slum residents can use digital tools and GIS to map their own neighbourhoods. This would help identify priorities for intervention, such as mapping infrastructure gaps in sanitation or pedestrian access.
- **Collective land tenure and financing:** Instead of individual titles, offering collective land rights provides security, reduces eviction threats, and allows for collective investment in home upgrades.
- **In-situ upgrading and social housing:** Rather than displacing slum residents, modern strategies focus on in-place improvements, such as building high-rise, low-cost rental units and upgrading existing infrastructure (drains, walkways, lighting, etc.).
- **Social impact investments and microfinance:** Microfinance and savings schemes can be used to increase slum household incomes, allowing residents to invest in improving their homes and establishing microbusinesses.
- **'Green' and resilient infrastructure:** Integrating nature-based solutions and climate-resilient designs to address environmental risks like floods, along with focus on improving public health in slums are essential for improving productivity and reducing medical expenses.
- **Participatory 'productive' space design:** Designing spaces that serve multiple functions, such as community spaces that also provide safety, facilitate multipurpose socioeconomic activities, and encourage community management could help slum dwellers to lead more healthy and productive lives.
- **Social integration and local economy boosting:** Linking slum rehabilitation programmes with local employment opportunities could bring multiple benefits. Such examples include utilising community researchers and training slum residents to directly work on construction in various urban development projects.

In all these efforts, the key principles in slum development would be to ensure integration with overall urban development strategy. Slum upgrading needs to be connected with city-level development plans rather than being treated as isolated and peripheral issues. Moreover, grassroots innovations and participatory approaches are necessary to ensure community empowerment for increasing the efficiency of the solutions. Finally, market-based approaches are necessary such as adopting policies to make formal housing more affordable and making land markets work better for low-income populations.

On the other hand, a fundamental restructuring of development efforts along with more strategic, comprehensive and sustained strategies are necessary in Bangladesh for reducing the mass exodus of the rural poor people to the urban cities and taking shelter in the slums especially in Dhaka city. The challenge is to refocus strategic thrusts on reducing 'urban and regional bias' in development and promote inclusive structural transformation in Bangladesh through complementing export-led growth with strengthened role of domestic productive capacity, diversification of economic activities, improved technological capacity, and strengthened measures to stimulate more inclusive and equitable development. For the future agenda, more emphasis is needed on new dimensions and challenges relating to harnessing complementarities between investments in social, economic and climate change areas. For the purpose, significant investments in public goods are needed, such as social services, clean air, water and continued flow of ecosystem services.

The country's overall vulnerability varies, among others, with the extent of dependence on trade, nature of demand structure, depth of fiscal space, extent of foreign exchange reserves, and strength of other macroeconomic fundamentals. Moreover, the ability to adopt counter-cyclical macroeconomic policies depends on fiscal capacity to meet necessary costs and institutional capacity to adopt and implement such policies, especially if they are to contribute to protecting the interests of the poor and vulnerable groups in society, especially in the urban slums and rural areas. In case of failure to move forward along these lines, rural-to-urban migration will further accelerate feeding the slums of Dhaka city.

In this context, many challenges arise from high and rising levels of inequality in assets, opportunities, social networks, and participation that exist in the country. In particular, gender is an important dimension of inequality. It needs to be recognised that rising inequality is not an inevitable consequence of economic growth and development. The challenge is to adopt a mix of policies that addresses both growth and distributional concerns, strengthens empowerment, and deals with socioeconomic inequality and gender, ethnicity and other biases. For moving forward and ensuring a sustainable solution to the deepening issues of slum expansion in Dhaka city and other urban areas in general, Bangladesh needs to adopt a 'Four I' approach to inclusive development: Income, Infrastructure, Integration, and Institutions. For the purpose, the need is to prioritise capacity building, knowledge management and networking for ensuring rapid inclusive development within an integrated and sustainable framework.

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The Bangladesh Poverty Watch Report 2025 is the fourth in the Series of Poverty Watch Report published jointly by the Institute for Inclusive Finance and Development (InM) and the Center for Inclusive Development Dialogue (CIDD). The objective of the Report is to ensure that grassroots voices of the 'left behind' and extremely poor populations are heard, and their aspirations are reflected in policies. The Poverty Watch Report 2025 summarises current aspects of poverty dynamics in Bangladesh including testimonies, reflections and 'stories' of individuals living in the slums of Dhaka city experiencing multidimensional poverty and exclusion. The analysis brings out emerging priorities for policies and actions as well as challenges faced by slum dwellers of Dhaka city. It also covers best practices for reducing multidimensional poverty and social exclusion, and recommendations for policy makers which have emerged from testimonies, reflections, proposals and 'stories' of slum dwellers experiencing poverty and exclusion in Dhaka city.

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